

# City of Newton, Massachusetts

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2010





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*Prepared by the Comptroller's Office*

CITY OF NEWTON, MASSACHUSETTS  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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# *INTRODUCTORY SECTION*



## CITY OF NEWTON, MASSACHUSETTS

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DAVID C. WILKINSON  
COMPTROLLER

November 23, 2010

Members of the Board of Aldermen  
Mayor Setti D. Warren  
Citizens and Taxpayers of the City of Newton

I am pleased to transmit to you the City of Newton's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2010. This report has been prepared by the Comptroller's Office of the City in conformity with accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Government Accounting Standards Board (GASB).

The report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect the assets of the City from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Sullivan, Rogers & Company, LLC, a firm of licensed certified public accountants, who have been hired by and report to the City's Board of Aldermen. The independent auditors' unqualified ("clean") opinion on the City's financial statements for the year ended June 30, 2010 is presented as the first component of the financial section of this report on pages 1 and 2.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City's separately issued Reports on Internal Control Over Financial Reporting, Compliance and Federal Award Programs.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

## **History and Profile**

The City of Newton was settled in 1639 and incorporated as a City in 1873. The City is located approximately seven miles from downtown Boston and is bordered by the West Roxbury section of Boston on the southeast, the Town of Needham on the southwest, the Towns of Wellesley and Weston on the west, the City of Waltham and Town of Weston on the north; and the Town of Brookline and the Allston-Brighton sections of Boston on the east.

The City has a population of 83,829 according to the 2000 federal census and occupies a land area of 18.33 square miles. The City is principally suburban-residential in character and consists of 13 distinct villages – Auburndale; Chestnut Hill; Newton Centre; Newton Corner; Newton Highlands; Newton Lower Falls; Newton Upper Falls; Newtonville; Nonantum; Oak Hill; Thompsonville; Waban; and West Newton. Open space comprises 19.6% of the City's total land area, of which 55% is publicly owned.

Newton has a diversified economic base with approximately 45,500 individuals employed in 3,700 establishments within the boundaries of the City, with an estimated annual payroll of \$2.2 billion. Businesses are generally small and service oriented with retail and wholesale trade and services accounting for 74% of all jobs.

Commercial uses occupy 4.1% of the City's land area. Nearly 24% of commercial land parcels are office uses; 21% are small retail uses; and 6% are storage or warehouse uses. Only 1.1% of the City's land area is industrial. Newton is a desirable community to live and work in due to its proximity to Boston; an excellent public school system; multiple transportation systems; attractive neighborhoods; high property values; and well managed local government. Newton has an award winning public library and a City museum that was a stop on the Underground Railroad.

## **Organizational Structure**

The City is governed under a home-rule charter, which vested executive authority and responsibility in an elected Mayor, who serves a four-year term. Legislative authority is vested in a 24-member Board of Aldermen, of which eight members are elected from the City's eight wards and sixteen are elected at large. Members of the Board of Aldermen are elected every two years. An eight member school committee is elected every two years and is responsible for appointing the Superintendent of Schools, who has responsibility for the daily administration of the Newton Public Schools.

## **Services**

The City provides a complete range of municipal services including education, public safety, public works, recreation, library, cultural and health and human services. The Massachusetts Water Resources Authority provides public water supply and sewerage treatment services.

## **Reporting Entity**

The basic financial statements along with the combining statements and schedules included in this report relate to the activities under the direction and control of the Mayor, Board of Aldermen and School Committee. The activities of the Newton Contributory Retirement System are included in this report as a blended component unit as prescribed by GAAP. The activities of the Newton Community Development Authority; Newton Commonwealth Foundation; and Newton Community Farm Inc. are discretely presented component units. The Newton School Foundation has been removed as a component unit because in the opinion of management and the Newton School Foundation, their activities are not material to the financial position of the City or the Newton Public Schools. The Newton Housing Authority is excluded from this report because it falls outside the direction and control of the Mayor and Board of Aldermen.

## **Financial Management**

The Mayor is responsible for the preparation of the City's capital improvement plan, and annually recommended capital and operating budgets. The Board of Aldermen is responsible for review and approval of all appropriations that are recommended by the Mayor. An eight member Finance Committee of the Board of Aldermen oversee financial policy and a majority of the membership of the Finance Committee also serves on the Audit Subcommittee.

The City's senior financial management team consists of the Chief Operating and Financial Officers, who serve on the Mayor's staff; the Treasurer/Collector and Chief Assessor who are appointed by the Mayor and approved by the Board of Aldermen, and the Comptroller who is appointed by the Board of Aldermen.

The City's three-member Board of Assessors, appointed by the Mayor, is responsible for maintaining accurate real estate and personal property values. Property values are adjusted annually to capture changes in the local real estate market and to make certain the City's assessed valuations are fair and accurate.

The Treasurer/Collector is responsible for revenue collections, cash and debt management, and the administration of parking violations. Real estate and personal property taxes are billed quarterly, thereby eliminating the need to borrow in anticipation of revenue. A lock-box system is used for the majority of real estate, personal property, motor vehicle and utility cash collections.

The Comptroller is responsible for maintaining the City's accounting records, and reporting the City's financial activity and position. Detailed monthly revenue and expenditure information is provided on-line to operating departments. Monthly comparative financial management reports are issued to the Mayor, Board of Aldermen and public on the Comptroller's page of the City web site. Un-audited budgetary basis year-end financial reports are issued within 60 days of the close of the fiscal year, and audited financial statements are typically issued prior to the end of the calendar year.

## **Economic Condition and Outlook**

While Newton is not immune to regional and national economic development trends, the City is characterized as a self-sustaining and stable local economy. Historically, Newton has housed a myriad of economic activities ranging from manufacturing to high-tech industries that have served not only local residents, but also the Greater Boston area, and in some cases national and international markets. The City's proximity to Boston; location on major regional highway systems; existing building stock; and solid and extensive physical infrastructure make Newton an attractive place for metro-area regional and national investments ranging from corporate headquarters to light manufacturing and regional retail.

The majority of the City's business establishments are located in the 13 village centers, as well as in some of the principal traffic corridors such as Needham, Boylston, and California Streets. There are two major concentrations of light manufacturing and non-service related industries, both of which are located on the edges of the City; one in Nonantum along the Watertown line, and a second in Newton Upper Falls, along the Needham line.

## **Accounting System and Budgetary Control**

The management of the City is responsible for establishing and maintaining adequate internal controls to:

- Properly safeguard assets.
- Provide reasonable assurance on the accuracy and reliability of the accounting records used in the preparation of the basic financial statements.
- Provide reasonable assurance relative to compliance with legal and contractual constraints on the custody and use of assets.

Departmental expenditure budgets are prepared and accounted for on a line item basis. However, legally binding appropriations are made for Personal Services, Expenses, Fringe Benefits, Debt Service and Capital Outlay. Line item transfers within an expenditure category may be made with the approval of the Department Head and Comptroller. Transfers between expenditure categories require the approval of the Mayor and Board of Aldermen.

Encumbrance accounting, under which purchase orders, contracts and other commitments for expenditures are recorded to reserve that portion of the applicable appropriation, is employed in the Governmental Funds to maintain budgetary control.

An analysis of all legally adopted operating and capital budgets are presented on pages 94 - 116 of this report.

On September 20, 2010 the Massachusetts Department of Revenue certified the City's June 30, 2010 free cash (General Fund fund balance available for appropriation) at \$8,018,399. The City's previous year free cash certification was \$6,697,571. Three extraordinary and non recurring revenue items generated \$5,671,391 or 70.7% of the free cash. These items were: \$2,212,763 in telecommunications personal property taxes resulting from an August 2009 favorable State Appellate Tax Board decision; \$2,643,271 in advance payment of deferred in lieu of tax payments on the New Falls 121-A urban excise property; and \$815,357 in premiums earned on the April 2010 sale of \$26.0 million in general obligation bonds.

## **Cash Management**

Quarterly billing of real estate and personal property taxes coupled with timely water and sewer utility billing has eliminated the need to borrow in anticipation of revenue. Idle cash is invested by the Treasurer/Collector and governed by the Municipal Finance Laws of the Commonwealth of Massachusetts.

Trust Fund, Permanent Fund and Internal Service Fund assets, which the City does not expect to liquidate for current operations, are invested in U.S. Government, fixed income and/or equity securities. Professional investment managers oversee the City's long-term investments.

The Retirement System's assets are segregated from other City assets and are managed by a variety of professional investment managers who have been selected by the Retirement Board, with the assistance of an investment consultant, in order to achieve the Board's asset allocation policy. An independent custodian bank holds all of the System's investments. The City's Retirement Board voted at its May 2007 meeting to transfer investment management responsibility for the system's investment portfolio to the Commonwealth of Massachusetts Pension Reserve Investment Trust effective July 1, 2007.

## **Risk Management**

The City is self-insured for group health, workers' compensation, building and general liability insurance. Individual Internal Service Funds are maintained for purposes of accumulating sufficient assets to meet fund liabilities.

The City purchases property insurance from a commercial insurance company but funds annual premiums from earnings on the building self insurance fund assets. All other risk exposures are self insured by the City.

In accordance with the requirements of Governmental Accounting Standards Board (GASB) Statement 45, the City began to recognize the cost of health benefits in the same manner that has been required for pension benefits for the past several years in the year ended June 30, 2008. This means that instead of recognizing the cost of health benefits as they are being paid out, the cost of these benefits are now recognized as they are earned. Although there are no requirements that the City change the method of funding these benefits, the cumulative impact of the change in financial reporting over the past two fiscal years is an \$83.5 million increase in expenses in the government-wide financial statements and a corresponding decline in unrestricted net assets.

Newton, like most communities in Massachusetts and for that matter New England, does not currently have a plan for funding health benefits on a basis other than the historical pay as you go approach. In an effort to start a discussion about this issue, the fiscal year 2011 budget does include a \$137,000 appropriation for purposes of seeding a post retirement health trust fund. On October 4, 2010 the Mayor and Board of Aldermen voted to authorize a trust pursuant to Massachusetts General Law Chapter 32, Section 20 and the \$137,000 was transferred to the new fund. Over the course of the next several months the City expects to evaluate with our actuary the feasibility of beginning to fund health care benefits for all new hires on an actuarial basis. Please refer to note 12 (pages 62-65) for more detailed information on the City's health benefit obligations.

## **Collective Bargaining Agreements**

All collective bargaining agreements with City and Newton Public School employee groups expired on either June 30, 2009; June 30, 2010; or August 31, 2010.

## **Audit Committee**

In order to strengthen the City's internal controls and financial reporting, the President of the Board of Aldermen established a permanent audit committee of the Board of Aldermen, consisting of a representatives of the Board's Finance Committee. Board of Alderman President Scott Lennon serves as the audit committee chair. I'd like to take this opportunity to thank members of the audit committee for their ongoing support and assistance in audit planning and ongoing monitoring of the City's efforts to improve financial controls and reporting.

## **Awards and Acknowledgments**

During the fiscal year ended June 30, 2010, the City maintained a Aaa credit rating with Moody's Investor Service.

Before concluding, I would like to take this opportunity to acknowledge the exceptional work and professional commitment of the staff of the Comptroller's Office: Ann-Marie Daley; Eileen Frail; Maria Mastroinni; Mary Santos; Julie Zakak; and Regina Zegarelli. Special thanks also go to the public accounting firm of Sullivan, Rogers & Company for the efficient completion of this year's audit and for all of their advice and assistance in the preparation of this report and over the course of the year.

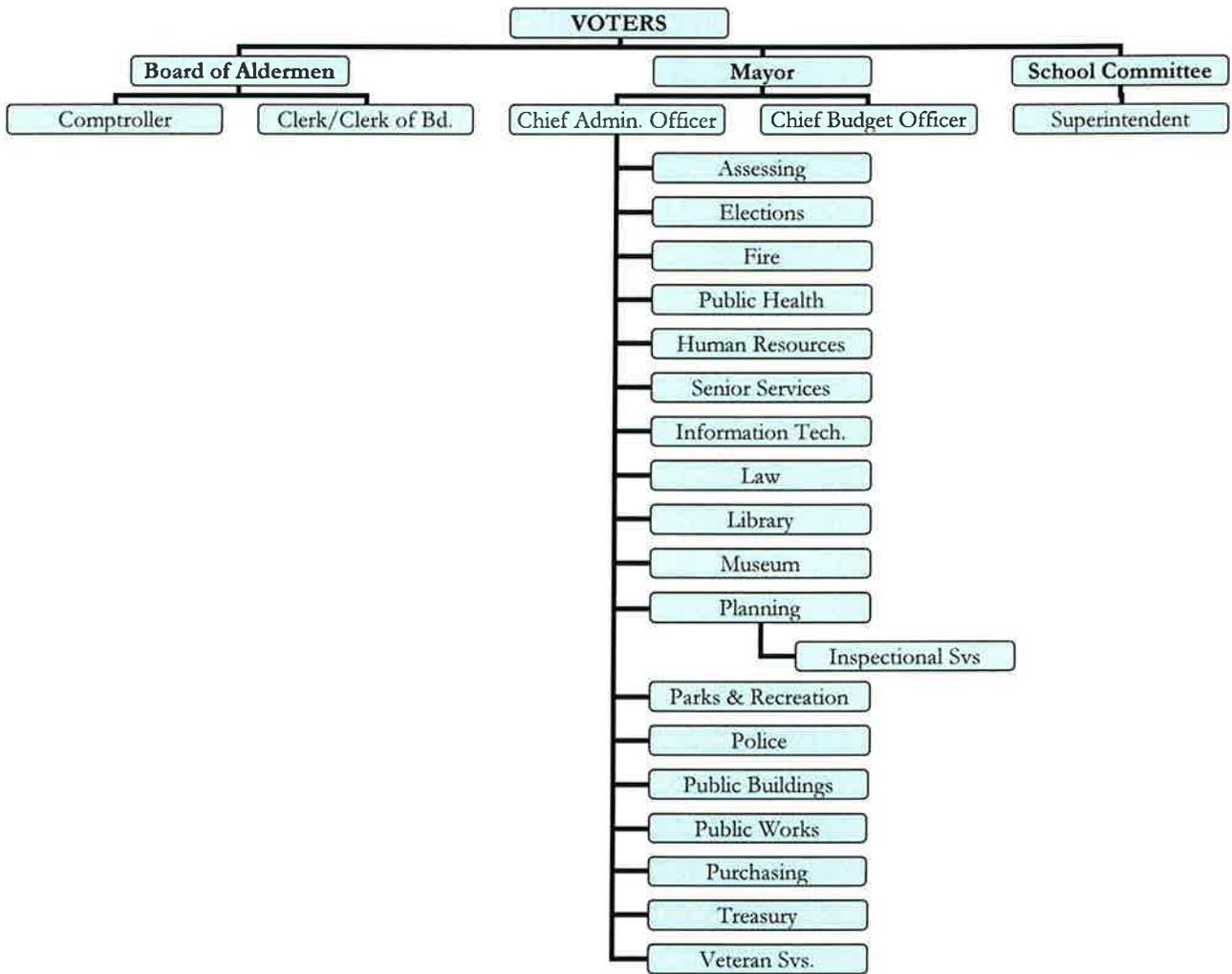
Respectfully,

A handwritten signature in black ink, appearing to read 'D. Wilkinson', with a horizontal line extending to the right.

David C. Wilkinson  
Comptroller

CITY OF NEWTON, MASSACHUSETTS

ORGANIZATIONAL CHART



## CITY OF NEWTON, MASSACHUSETTS

### ELECTED OFFICIALS AND DEPARTMENT HEADS

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#### BOARD OF ALDERMEN

Scott F. Lennon, President & Audit Committee Chair  
Cheryl Lappin, Vice President  
R. Lisle Baker, President Emeritus  
Susan Albright  
Richard Blazar  
Allan Ciccone, Jr., Finance Committee Member  
Deborah Crossley  
Victoria Danberg, Finance Committee Member  
Mitchell Fischman  
John Freedman, Finance Committee Vice Chair  
Ruthanne Fuller, Finance Committee Member  
Leonard Gentile, Finance Committee Chair  
John Harney  
Ted Hess-Mahan  
Marcia Johnson  
Stephen Linsky, Finance Committee Member  
Carleton Merrill  
John Rice, Finance Committee Member  
Amy Mah Sangiolo  
Anthony Salvucci, Finance Committee Member  
Sydra Schnipper  
Charles Shapiro  
Greer Tan Swiston  
Brian Yates

#### SCHOOL COMMITTEE

Claire Sokoloff, Chair  
Reenie Murphy, Vice Chair  
Geoff Epstein  
Matt Hills  
Kurt Kusiak  
Susan Rosenbaum  
Margie Ross Decker  
Jonathan Yeo  
James Marini, Interim Superintendent of Schools  
Sandra Guryan, Assistant Superintendent Budget & Finance

#### EXECUTIVE

Mayor Setti D. Warren  
Robert Rooney, Chief Operating Officer  
Maureen Lemieux, Chief Financial Officer  
Sarah Ecker, Director of Community Relations  
Aaron Goldman, Citizen Assistance Officer

#### DEPARTMENT HEADS

Accounting: David Wilkinson, Comptroller  
Assessing: Elizabeth Dromey, Director and Chair, Board of Assessors  
City Clerk/Clerk of Board: David Olson, City Clerk/Clerk of the Board  
Elections: Craig Mansseau, Executive Secretary Election Commission  
Fire: Joseph LaCroix, Fire Chief  
Health & Human Services: Linda Walsh, Interim Commissioner  
Human Resources: Dolores Hamilton, Director  
Information Technology: Ann Cornaro, Director  
Inspectional Services: John Lojek, Commissioner  
Newton History Museum: Cynthia Stone, Director  
Law: Donnalyne Kahn, City Solicitor  
Library: Nancy Perlow, Librarian  
Parks & Recreation: Robert DeRubeis, Commissioner  
Planning & Development: Candace Havens, Interim Director  
Police: Matthew Cummings, Police Chief  
Public Buildings: Art Cabral, Interim Commissioner  
Public Works: Thomas Daley, Commissioner  
Purchasing: Maureen Lemieux, Interim Purchasing Agent  
Senior Services: Jayne Colino, Director  
Treasury: James Reardon, Treasurer & Collector  
Veteran Services: John MacGillivray, Veterans Agent

#### CONTRIBUTORY RETIREMENT BOARD

Nunzio Piselli, Chairman & Mayor's appointee  
Francis Capello, Vice Chairman & Elected member  
David Wilkinson, Ex Officio Member  
Paul Bianci, Elected Member  
Kimberly Fletcher, Appointed Member  
Kelly Byrne, Retirement System Director



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# *FINANCIAL SECTION*



Certified Public Accountants

SULLIVAN, ROGERS & COMPANY, LLC

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Burlington, Massachusetts 01803

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## Independent Auditors' Report

To the Honorable Board of Aldermen and Mayor  
City of Newton, Massachusetts

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Newton, Massachusetts (City), as of and for the fiscal year ended June 30, 2010 (except for the Newton Contributory Retirement System, the Newton Commonwealth Foundation, Inc. and the Newton Community Farm, Inc., which are as of and for the fiscal year ended December 31, 2009), which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Newton Commonwealth Foundation, Inc. and the Newton Community Farm, Inc., which represent 40.3% and 6.3%; 40.5% and 6.3%; and 57.6% and 27.6% of the assets, net assets and revenues, respectively, of the discretely presented component units. Those financial statements were furnished to us, and our opinions, insofar as they relate to the amounts included for the Newton Commonwealth Foundation, Inc. and the Newton Community Farm, Inc., are based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Newton Commonwealth Foundation, Inc. and the Newton Community Farm, Inc. were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of June 30, 2010 (except for the Newton Contributory Retirement System, the Newton Commonwealth Foundation, Inc. and the Newton Community Farm, Inc., which are as of and for the fiscal year ended December 31, 2009), and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparisons for the general fund and community preservation fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As more fully described in Note 17, the City has restated beginning net assets of its component units. We have audited the adjustment as described in Note 17 that was applied to restate the fiscal year 2009 financial statements. In our opinion, such adjustment is appropriate and has been properly applied.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2010, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (located on pages 3 through 16) and certain pension and other postemployment benefits information (located on pages 69 through 70) be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Newton, Massachusetts' financial statements as a whole. The introductory section, combining and individual fund financial statements and schedules, additional information and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual fund financial statements and schedules and additional information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



November 23, 2010

# **Management's Discussion and Analysis**

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Newton (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2010.

### **Financial Highlights:**

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$281.7 million (*net assets*). The City has negative unrestricted net assets in the City's governmental activities and \$10.0 million in unrestricted net assets in its business type activities.
- The City's total net assets decreased by \$32.8 million or 10.4% in fiscal year 2010. Net assets of governmental activities decreased by \$33.6 million, a 13.3% decline from fiscal year 2009. Net assets of business-type activities increased by \$0.9 million or 1.4% from fiscal year 2009. The decline in governmental activities net assets is the result of the recognition of \$28.0 million in new post retirement health liabilities.
- Unrestricted governmental net assets decreased by \$24.8 million to (\$27.1) million at June 30, 2010.
- The total cost of all City services for fiscal year 2010 was \$420.1 million, \$383.0 million (91.1%) of which was for governmental services, and \$37.1 million (8.9%) of which was for business type services.
- A total of \$88.6 million or 23.1% of governmental services were financed from program revenue, leaving 76.9% to be financed from general revenues and interfund transfers of the City. Real estate and personal property tax revenue represented the single largest source of general revenue.
- At June 30, 2010, the City's governmental funds reported a combined fund balance of \$84.9 million. The combined governmental funds fund balance decreased by \$50.8 million (37.5%) from the prior year's ending fund balance, primarily due to the use of prior year revenues and other financing sources for the completion of the new Newton North High School capital project.
- The City's general fund reported total fund balance of \$19.3 million at the end of fiscal year 2010, an \$856,733 (4.2%) decrease from the total fund balance at June 30 of the prior fiscal year. The undesignated portion of the fund balance for the general fund was \$10.9 million or 3.4% of total general fund revenues and other financing sources – unchanged from the prior year. A total of \$2.7 million of the unreserved fund balance was designated for funding the fiscal year 2011 budget.
- The City's total bonded debt (bonds and notes) increased by \$15.9 million or 7.9% to \$216.8 million during the year, principally as a result of additional debt issued for the new Newton North High School construction project.

### **Overview of the Financial Statements:**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements:** The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private sector business. The *statement of net assets* (pages 17 and 18) presents information on all of the City's non-fiduciary assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* (pages 19 and 20) presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of the cash flows*. Thus, revenue and expenses reported in this statement for some items will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions and programs of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions and programs that are intended to recover all or a significant portion of their costs through user fees or charges (business-type activities). The governmental activities of the City include the broad functions of general government; public safety; education; public works; health & human services; culture and recreation; debt service – interest and the major services provided within each functional category. The business-type activities of the City include two enterprise activities: the water system and the sanitary sewer system. Trend information for all years since the City's adoption of the current reporting model can be found on pages 118-121 of this report.

**Fund financial statements:** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds:** *Governmental funds* are used to account for essentially the same functions and programs reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains 20 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund, the community preservation fund and the high school improvements fund, all of which are considered to be major funds. Data from the other 17 funds are combined into a single, aggregated presentation under the caption *non-major governmental funds*. A brief description and individual fund data for each of the non-major governmental funds is provided in the form of *combining statements* beginning on page 71 of this report. The governmental funds financial statements can be found on pages 21-26 of this report. Trend information may be found on pages 122-123 of this report.

**Proprietary funds:** The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for water and sanitary sewer activities. *Internal service funds* are an accounting device used to accumulate and allocate the costs internally among the City's various functions, including employee health benefits; workers' compensation; public building insurance; and general liability self-insurance activities. The services provided by these funds predominately benefit the governmental rather than the business-type functions. Accordingly, the internal service funds have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sanitary sewer activities, which are considered major funds of the City. Conversely, all internal service funds are combined into a single, aggregate presentation in the proprietary fund financial statements. A brief description of each fund and individual fund data for the internal service funds is provided in the form of *combining statements* beginning on page 82 of this report. The basic proprietary fund financial statements can be found on 27-29 of this report.

**Fiduciary funds:** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* included in the government-wide financial statements because the resources of the funds are *not* available to support the City’s own functions and activities. The accounting used for fiduciary funds is much like that used for proprietary funds.

The fiduciary funds financial statements provide separate information for the pension trust fund of the City. All other fiduciary funds are reported and combined into a single, aggregate presentation in the fiduciary funds financial statements under the captions “private purpose trust funds” and “agency funds”, respectively. A brief description of each fund and individual fund data for the private purpose trust funds and agency funds are provided in the form of *combining statements* beginning on page 86 of this report. The fiduciary funds financial statements can be found on pages 30 and 31 of this report.

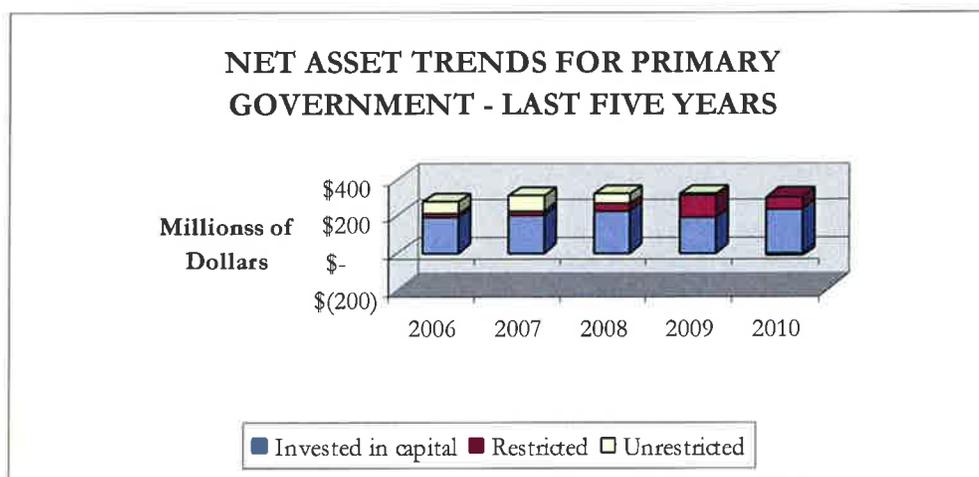
**Notes to the financial statements:** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 34-68 of this report.

**Other information:** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information regarding the City’s progress in funding its obligation to provide pension and post-retirement health benefits to its employees. Such information is located on pages 69 and 70 of this report.

The combining statements previously referred to are presented immediately following the notes to the basic financial statements.

**Government-wide Financial Analysis:**

**Net Assets:** The City’s total assets exceeded total liabilities by \$281.7 million at June 30, 2010. This represents a \$32.8 million or 10.4% decline from total net assets at June 30 of the prior year. Trend information for total net assets and its major components over the past five year period is summarized graphically below.



The following table presents current and prior year data regarding the City's net assets:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<b>Assets</b>						
Current assets.....	\$ 158,374,513	\$ 214,392,326	\$ 29,760,662	\$ 31,743,374	\$ 188,135,175	\$ 246,135,700
Noncurrent assets (excluding capital assets).....	12,743,459	12,574,154	2,358,439	2,592,172	15,101,898	15,166,326
Capital assets (net).....	<u>378,350,833</u>	<u>313,425,096</u>	<u>65,272,245</u>	<u>60,238,438</u>	<u>443,623,078</u>	<u>373,663,534</u>
Total assets.....	<u>549,468,805</u>	<u>540,391,576</u>	<u>97,391,346</u>	<u>94,573,984</u>	<u>646,860,151</u>	<u>634,965,560</u>
<b>Liabilities</b>						
Current liabilities (excluding debt).....	48,808,039	51,182,126	3,912,088	1,481,956	52,720,127	52,664,082
Noncurrent liabilities (excluding debt).....	93,394,305	65,300,633	2,211,079	1,607,932	95,605,384	66,908,565
Current debt.....	9,460,500	8,548,500	4,371,395	4,058,986	13,831,895	12,607,486
Noncurrent debt.....	<u>178,224,800</u>	<u>162,137,300</u>	<u>24,790,355</u>	<u>26,200,848</u>	<u>203,015,155</u>	<u>188,338,148</u>
Total liabilities.....	<u>329,887,644</u>	<u>287,168,559</u>	<u>35,284,917</u>	<u>33,349,722</u>	<u>365,172,561</u>	<u>320,518,281</u>
<b>Net Assets</b>						
Invested in capital assets (net of related debt).....	194,301,691	150,650,131	38,627,779	32,694,954	232,929,470	183,345,085
Restricted.....	52,363,403	104,838,430	13,497,989	15,657,948	65,861,392	120,496,378
Unrestricted.....	<u>(27,083,933)</u>	<u>(2,265,544)</u>	<u>9,980,661</u>	<u>12,871,360</u>	<u>(17,103,272)</u>	<u>10,605,816</u>
Total net assets.....	<u>\$ 219,581,161</u>	<u>\$ 253,223,017</u>	<u>\$ 62,106,429</u>	<u>\$ 61,224,262</u>	<u>\$ 281,687,590</u>	<u>\$ 314,447,279</u>

The largest portion of the City's total net assets, \$232.9 million, represents the investment in capital assets (e.g., land and land improvements, buildings and improvements, machinery and equipment, road network, water system, sewer system and construction in progress) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens therefore the assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay debt must be provided from other sources, since capital assets themselves, cannot be used to liquidate these liabilities. Please refer to note 15 (page 67) for a detailed calculation of the City's investment in capital assets, net of related debt.

An additional portion of the City's net assets, \$65.9 million, represents resources that are subject to restrictions placed on how they may be used by parties external to the City, \$ 50.5 million (76.6%) of which of which represents resources restricted for capital project financing. A summary of the major components of the restricted net assets may be found on the face of the Statement of Net Assets, which can be found on page 18 of this report.

During the fiscal year ended June 30, 2010, total unrestricted net assets declined by \$27.7 million as a direct result of the recognition of \$28.6 million in new post retirement health liabilities. All governmental activities unrestricted net assets have been consumed over the past three years with the recognition of liabilities required by Governmental Accounting Standards Board Statement 45. Pages 62 through 65 of this report provide more detailed information on the City's post retirement health liabilities that have given rise to the change in financial positions over the past three years.

## Changes in net assets:

The following table presents current and prior year data regarding the City's changes in net assets:

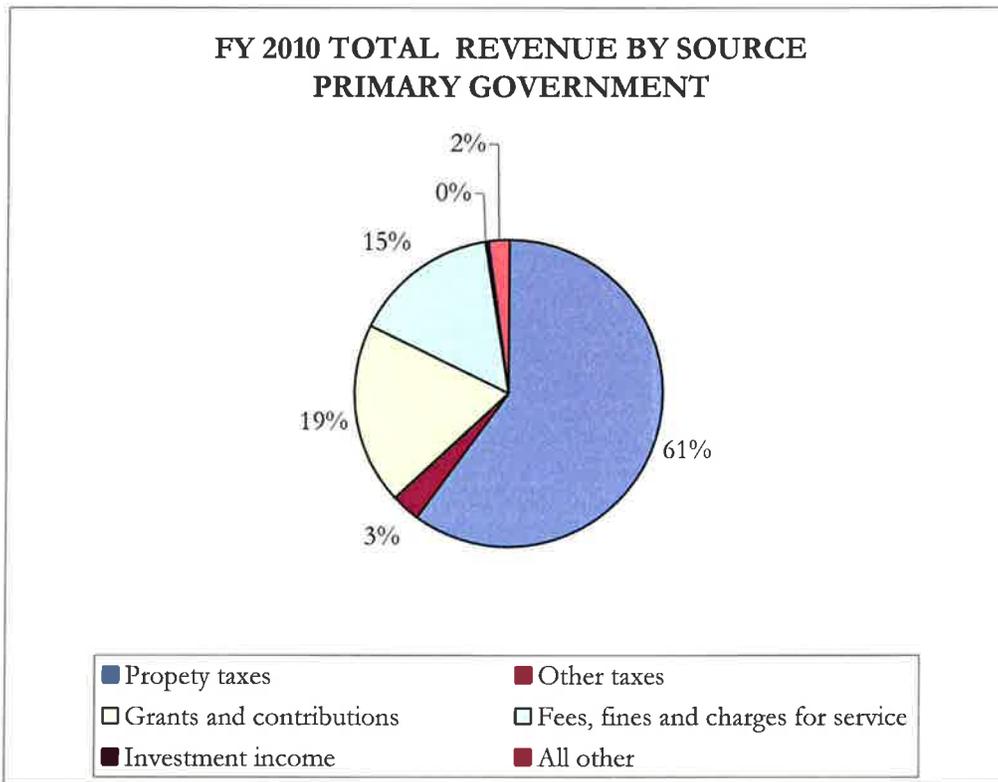
	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	2010	2009	2010	2009	2010	2009
<b>Revenues</b>						
<i>Program Revenues:</i>						
Fees, fines and charges for services.....	\$ 20,969,889	\$ 21,413,394	\$ 38,405,378	\$ 33,761,633	\$ 59,375,267	\$ 55,175,027
Operating grants and contributions.....	65,706,164	66,344,326	732,948	857,561	66,439,112	67,201,887
Capital grants and contributions.....	1,960,084	30,179,116	245,331	1,260,151	2,205,415	31,439,267
<i>General Revenues:</i>						
Real estate and personal property taxes.....	232,774,689	226,800,860	-	-	232,774,689	226,800,860
Motor vehicle and other excise taxes.....	9,860,220	10,479,922	-	-	9,860,220	10,479,922
Hotel room occupancy taxes.....	1,168,095	1,108,199	-	-	1,168,095	1,108,199
Meals taxes.....	382,934	-	-	-	382,934	-
Penalties and interest on taxes.....	1,026,507	1,223,300	-	-	1,026,507	1,223,300
Payments in lieu of taxes.....	3,270,902	273,359	-	-	3,270,902	273,359
Community preservation surcharges.....	2,288,314	2,193,701	-	-	2,288,314	2,193,701
Grants and contributions not restricted to specific programs.....	5,891,287	7,435,280	-	-	5,891,287	7,435,280
Unrestricted investment income.....	934,313	2,610,098	-	-	934,313	2,610,098
Gain on disposal of capital assets.....	24,347	-	2,776	-	27,123	-
Other.....	1,752,802	1,761,048	-	-	1,752,802	1,761,048
<b>Total revenues.....</b>	<b>348,010,547</b>	<b>371,822,603</b>	<b>39,386,433</b>	<b>35,879,345</b>	<b>387,396,980</b>	<b>407,701,948</b>
<b>Expenses</b>						
General government.....	24,623,302	22,581,716	-	-	24,623,302	22,581,716
Public safety.....	52,168,801	52,614,816	-	-	52,168,801	52,614,816
Education.....	245,946,308	236,024,500	-	-	245,946,308	236,024,500
Public works.....	26,138,843	27,229,098	-	-	26,138,843	27,229,098
Health and human services.....	10,672,057	10,463,388	-	-	10,672,057	10,463,388
Culture and recreation.....	16,245,112	16,806,140	-	-	16,245,112	16,806,140
Debt service - interest.....	7,234,167	4,375,013	-	-	7,234,167	4,375,013
Water.....	-	-	13,780,687	13,623,595	13,780,687	13,623,595
Sewer.....	-	-	23,347,392	21,879,634	23,347,392	21,879,634
<b>Total expenses.....</b>	<b>383,028,590</b>	<b>370,094,671</b>	<b>37,128,079</b>	<b>35,503,229</b>	<b>420,156,669</b>	<b>405,597,900</b>
Change in net assets before transfers.....	(35,018,043)	1,727,932	2,258,354	376,116	(32,759,689)	2,104,048
<b>Transfers, net.....</b>	<b>1,376,187</b>	<b>1,457,225</b>	<b>(1,376,187)</b>	<b>(1,457,225)</b>	<b>-</b>	<b>-</b>
Change in net assets.....	(33,641,856)	3,185,157	882,167	(1,081,109)	(32,759,689)	2,104,048
Net assets - beginning of year.....	253,223,017	250,037,860	61,224,262	62,305,371	314,447,279	312,343,231
<b>Net assets - end of year.....</b>	<b>\$ 219,581,161</b>	<b>\$ 253,223,017</b>	<b>\$ 62,106,429</b>	<b>\$ 61,224,262</b>	<b>\$ 281,687,590</b>	<b>\$ 314,447,279</b>

The City's total revenues for the year ended June 30, 2010 declined by \$20.3 million (5.0%) from the prior year, principally as a result of a decline in all forms of state and federal grant assistance.

Total state and federal grant revenue declined by \$31.5 million during the year, primarily as a result of the recognition of all state financial support for the new Newton North High School project during fiscal year 2009, however, unrestricted state and federal aid also declined by 20.8% over the past year, largely as a result of reduced levels of local aid from the Commonwealth of Massachusetts, as it struggled to balance its resource uses with reduced levels of state tax revenue resulting from the economic recession.

Economically sensitive local revenues such as investment income and motor vehicle excise tax revenues and inspectional services permit revenues continued their decline from prior year levels.

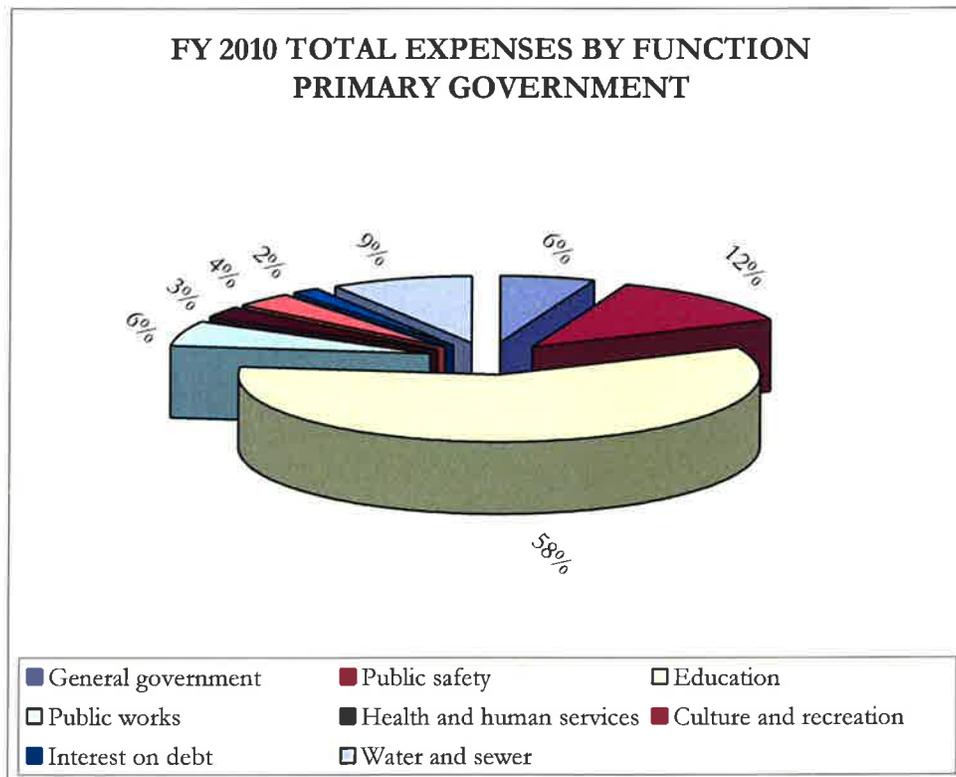
The following chart illustrates the distribution of total current year revenues for the primary government, by major source.



Total expenses increased by \$14.6 million or 3.6% during the year. The \$28.6 million expense associated with third year implementation of Governmental Accounting Standards Board Statement 45 accounted for all of the expense growth for the year. A schedule summarizing the cumulative impact of the implementation of GASB Statement 45 on all activities is presented on page 63 of this report.

The percentage of total expenditures devoted to education, the City's single largest category of spending, remained constant at 58.0%. Public safety and public works spending declined slightly and interest on debt increased, as a result of debt service payments related to the new North High School project.

The following chart illustrates the distribution of expenses by major function for the primary government for the year ended June 30, 2010.



**Governmental activities** – Governmental activities decreased the City’s net assets by \$33.6 million or 13.3% during fiscal 2010, for the reasons cited above. A summary of revenues and major functional expenses is included in the tables presented above. In order to assist the reader in understanding more completely the full cost of the major services provided by the City within each of the broad functional classifications identified above, the Statement of Activities, presented on pages 19 and 20 of this report, provides a detailed accounting of all major service expenses and related revenues.

As has been the case in all years since the City has adopted this reporting model, all governmental activity services, except for inspectional services, relied on subsidies from general revenues to one degree or another during fiscal year 2010. Inspectional service department program revenues exceeded total program expenses by \$1.9 million for the year.

**Business-type activities** – Business-type activities increased the City’s net assets by \$.9 million or 1.4% during fiscal year 2010. This is primarily the result of increased user charge revenue resulting from two increases in sewer rates that were implemented during the fiscal year.

**Financial Analysis of Governmental Funds:**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds** - The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2010, the City's governmental funds reported a combined fund balance totaling \$84.9 million, a \$50.8 million decrease from the prior year reported financial position. As may be noted on page 23, the \$52.3 million decline in the financial position of the High School Improvement Fund accounts for all of the change in financial position. This is the result of the fact that during fiscal year 2010, resources that were generated from the sale of bonds and state grant reimbursements during fiscal year 2009 were expended for purposes of completing the project.

During the fiscal year ended June 30, 2010 the Community Preservation Fund's financial position declined slightly - \$138,294. This occurred as a result of a combination of a land court judgment that the City compensate the owner of a property taken by eminent domain during fiscal year 2009 another \$452,000, and a 46.5% reduction in the amount of state matching funds for the community preservation program.

The general fund is the primary operating fund of the City. At June 30, 2010 the general fund reported a total fund balance of \$19.3 million, an \$856,733 (4.2%) deterioration from the total fund balance for the previous fiscal year. The unreserved and undesignated portion of fund balance, however, increased slightly to \$10.9 million and remained unchanged from the prior year at 3.4% percentage of fund revenues and other financing sources.

**City of Newton, Massachusetts  
General Fund  
Fund Trends – Fiscal year 2010 and (5) previous fiscal years**

	2010	2009	2008	2007	2006	2005
Total fund balance	\$ 19,312,545	\$ 20,169,278	\$ 19,433,216	\$ 23,609,407	\$ 20,294,872	\$ 13,822,467
Less: Fund balance reserved for:						
Encumbrances.....	1,804,606	1,377,372	867,806	1,446,323	2,106,351	1,122,558
Continued appropriations.....	3,192,017	2,335,964	2,223,358	2,438,391	2,071,369	2,573,925
Other purposes.....	749,640	881,707	-	-	-	-
Unreserved fund balance.....	13,566,282	15,574,235	16,342,052	19,724,693	16,117,152	10,125,984
Less: Fund balance designated to support following year budget.....	2,675,133	5,051,017	2,900,000	3,400,000	1,700,000	2,200,000
Undesignated fund balance.....	10,891,149	10,523,218	13,442,052	16,324,693	14,417,152	7,925,984
Total revenues & other financing sources.....	\$ 318,872,777	\$ 310,562,043	\$ 296,667,211	\$ 286,109,886	\$ 272,578,602	\$ 259,574,467
Total fund balance as % total revenues and ofs.....	6.1%	6.5%	6.6%	8.3%	7.4%	5.3%
Unreserved fund balance as % total revenues and ofs.....	4.3%	5.0%	5.5%	6.9%	5.9%	3.9%
Undesignated fund balance as % total revenues and ofs.....	3.4%	3.4%	4.5%	5.7%	5.3%	3.1%

Total fiscal year 2010 general fund revenues and other financing sources increased by \$8.3 million or 2.8%, to \$318.9 million.

Source	Amount	% of Total	Increase/ (Decrease)	% Change
Real estate and personal property taxes.....	\$ 233,726,177	73.3%	\$ 9,288,735	4.4%
Motor vehicle excise taxes.....	10,222,534	3.2%	123,955	1.1%
Hotel room occupancy taxes.....	1,168,095	0.4%	59,896	5.4%
Meals taxes.....	382,934	0.1%	382,934	34.7%
Penalties and interest on taxes.....	1,002,806	0.3%	(201,835)	-19.1%
Licenses and permits.....	4,133,582	1.3%	(57,110)	-1.2%
Intergovernmental.....	53,332,404	16.7%	(962,483)	-1.8%
Charges for services.....	1,647,343	0.5%	80,524	4.8%
Fines and forfeitures.....	2,084,951	0.7%	110,488	5.9%
Investment income.....	887,569	0.3%	(1,539,448)	-38.7%
Payments in lieu of taxes.....	3,095,059	1.0%	2,605,951	726.0%
Special assessments.....	74,274	0.0%	(28,609)	-31.0%
Miscellaneous.....	235,495	0.1%	(492,824)	-49.8%
<b>Total revenues.....</b>	<b>311,993,223</b>	<b>97.8%</b>	<b>9,370,174</b>	<b>3.2%</b>
Premium from issuance of bonds/notes.....	815,357	0.3%	(741,898)	-315.6%
Sale of capital assets.....	18,541	0.0%	18,541	66.4%
Transfers from other funds.....	6,045,656	1.9%	(336,083)	-9.3%
<b>Total revenues and other financing sources.....</b>	<b>\$ 318,872,777</b>	<b>100.0%</b>	<b>\$ 8,310,734</b>	<b>2.8%</b>

Property tax growth continued to account for the majority of revenue growth in General Fund revenues and other financing sources, however, a non-recurring deferred in lieu of tax payment on a housing development property also contributed to the overall growth in fund revenues. Additionally, during fiscal year 2010 the City increased the local option hotel room occupancy tax rate from 4% to 6% effective October 1, 2009 and imposed a .75% local option meals tax effective January 1, 2010.

All economically sensitive local revenue sources, as well as unrestricted local aid from the Commonwealth of Massachusetts continued their decline from prior year levels.

Total general fund expenditures and transfers to other funds totaled \$319.7 million, an increase of \$9.9 million or 3.3% over the previous fiscal year.

	Amount	%	Increase/ (Decrease)	%
		of Total		Change
General government.....	\$ 13,447,325	4.2%	214,413	1.6%
Public safety.....	34,176,446	10.7%	932,891	2.8%
Education.....	163,733,338	51.2%	7,723,148	5.1%
Public works.....	20,844,653	6.5%	(437,916)	-2.2%
Health and human services.....	3,785,971	1.2%	119,966	3.4%
Culture and recreation.....	10,198,243	3.2%	116,555	1.1%
Retirement benefits.....	49,940,948	15.6%	2,460,255	5.6%
Workers' compensation insurance.....	1,350,000	0.4%	(232,119)	-16.6%
Property and liability insurance.....	326,169	0.1%	16,800	5.7%
Claims and judgements.....	100,453	0.0%	(150,056)	-154.3%
State assessments and charges.....	5,619,317	1.8%	166,148	3.0%
Debt service				
Principal.....	7,493,500	2.3%	901,400	16.9%
Interest.....	6,916,268	2.2%	3,416,782	157.8%
Total expenditures.....	317,932,631	99.4%	15,248,267	5.2%
Transfers to other funds.....	1,796,879	0.6%	(5,344,738)	-66.2%
Total expenditures and transfers.....	\$ 319,729,510	100.0%	\$ 9,903,529	3.3%

Education spending, the single largest component of the General Fund budget, accounted for \$7.7 million or 77.8% of total expenditure growth, reflecting Newton's priority for education services.

The second largest area of expenditure growth was interest on debt, which increased by \$3.4 million or 157.8%, principally to meet new debt service requirements on the new Newton North High School project.

Expenditures for retirement benefits (including pay-as-you-go post retirement health and life benefits and the Commonwealth's on behalf contribution to the Massachusetts Teachers Retirement System for Newton educators) increased by \$2.5 million or 5.6% for the year. A \$1.4 million increase in the Commonwealth's on behalf contribution to the teachers' retirement fund accounted for 55.1% of the growth in this reporting category. Newton's contribution to the cost of the local retirement system accounted for \$0.5 million and pay-as-you-go health benefits for retirees accounted for \$0.6 million.

Public safety expenditures increased by 2.8% or \$0.9 million as a result of the settlement of a police collective bargaining agreement and public works spending declined by 2.2% or \$0.4 million due to reduced levels of snow and ice control expenditures that resulted from a milder winter.

The voters of the City elected to implement the Community Preservation Act (CPA), with a 1% surcharge on all real estate tax bills, in November 2001. During the fiscal year ended June 30, 2010, the City realized \$3.1 million in CPA fund revenue - \$1.0 million or 24.0% less than total prior year fund revenue. Reduced state matching funds; a reduction in investment income on temporarily idle fund cash balances; and a non recurring fiscal year 2009 reimbursement related on a housing project accounted for the decline in fund revenues. Fund expenditures totaled \$3.2 million for the year, \$0.9 million of which was for open space activities; \$1.2 million of which was for historic resources projects; \$0.8 million for community recreation; \$0.2 million was for community housing; and \$0.1 million for administrative and support purposes. Please refer to pages 105-108 for a complete accounting of individual project budgets, at their legal level of control, for the July 1, 2009 – June 30, 2010 period.

The high school improvements fund was established to account for major renovations to the City's Newton South High School and the construction of a new Newton North High School. The fund ended fiscal year 2010 with a \$16.1 million fund balance.

On June 14, 2010 the new North High School project architect certified substantial completion of the project and the building was turned over to the City of Newton for use as a public school building for the 2010 – 2011 academic year. Certain site work and the demolition of the old North High School building remain to be completed.

**Proprietary funds** - The City's proprietary funds provide the same information found in the government-wide statements, but in slightly more detail. Restricted proprietary net assets represent capital grant funds whose purposes are restricted for improvements to the physical infrastructure of the City's water and sewer systems. Proprietary fund net assets invested in capital assets, net of related debt represents principally the City's water supply and distribution system and the sanitary sewer collection system.

The financial position of the City's sewer fund increased by \$1.3 million to \$33.1 million at June 30, 2010. This resulted from two sewer rate increases that were implemented by the City during fiscal year 2010 in an effort to off-set the impact of a combination of failing meter readings and refunds owed to customers for prior year overpayments against estimated utility bills. A total of \$22.9 million of the fund's net assets represent investments in capital assets (net of debt) and another \$3.7 million represents resources legally restricted for future sewer system capital improvements. Unrestricted fund net assets, or those that are available for sewer system improvements, amount to \$6.5 million at June 30, 2010.

The financial position of the City's water fund declined slightly from \$29.4 million at June 30, 2010 to \$29.0 million at June 30, 2010. This resulted from a reduction in water rates for the second half of the fiscal year and the planned use of fund equity to off-set the impact of increased sewer rates on utility customers.

A total of \$15.7 million of the total fund equity represents the City's investment in water system capital assets (net of debt) and another \$9.8 million represents resources legally restricted for future water system capital improvements. Unrestricted fund net assets were \$3.5 million – approximately 50% less than the available balance at June 30, 2009.

The City is currently in the process of replacing all water meters that are used for purposes of water and sewer fund billings.

The financial position of the City's Internal Service Funds increased by \$2.0 million or 17.7% to \$13.3 million during the year ended June 30, 2010. Internal service funds are used to account for the City's self-insured group health insurance; workers compensation; and general liability risk exposures and to fund property insurance premiums for \$560.1 million in insured City buildings and contents. Detailed information on the self-insurance funds is presented on pages 82-85.

The City's group health self insurance fund accounted for \$1.7 million (85.0%) of the improvement in financial position of the Internal Service Funds. The improvement in the financial position of the fund is the result of favorable claims experience in the plan during the year. June 30, 2010 the net assets of the City's Group Health Self Insurance Fund totaled \$10.9 million – the equivalent of approximately 2.9 months of average claims experience. The reduction in the reported incurred but unreported claims liability is based upon an analysis of claims run-off trends from both health plan administrators and largely the result of increasingly timely claims payments to health care providers.

The financial position of the City's workers' compensation self insurance fund recovered from prior year losses largely as a result of positive investment earnings on fund assets under professional management. The June 30, 2010 fund equity of \$1.1 million provides a cushion against volatility in investment performance and extraordinary and unforeseen claims experience, the later of which is particularly important because the City does not purchase any commercial stop loss insurance on workers compensation program claims.

The financial condition of the City's building insurance fund continued to decline as a result of the fact that fund investment income does not match the resources withdrawn from the fund each year for commercial property insurance premiums. At the current rate of resource use, the fund will no longer be available to finance building insurance premiums within four years.

**Fiduciary funds** – The net assets of the City's contributory retirement system increased by \$21.7 million (10.8%) to \$222.6 million during the system's fiscal year that ended December 31, 2009, as a result of positive investment performance. Calendar year 2009 positive investment performance represents less than 25.0% of the investment losses realized in the prior year. The City made its actuarially required contribution to the fund in full. More specific information about the local retirement system may be found on pages 59-62 of this report.

**General Fund Budgetary Highlights:**

The difference between the original General Fund budget of \$291,743,885 (including prior year encumbrances and continuing appropriations) and the final amended budget of \$298,047,319 amounts to 2.2% and can be summarized as follows:

Description	Amount
Snow and ice control.....	\$ 2,002,000
Capital outlay and improvements.....	1,914,061
Public safety salaries & overtime.....	1,112,126
Public building maintenance & operation.....	452,124
Bond sale costs.....	115,243
All other.....	<u>707,880</u>
 Total supplemental appropriations	 \$ <u><u>6,303,434</u></u>

There were no deficits incurred in the appropriations of the various departments of the City. All but \$1.5 million (0.5%) of total appropriations were expended, encumbered, or continued into fiscal year 2011 for completion of the appropriated purposes at June 30, 2010. Please refer to pages 94–103 for a complete accounting of budget to actual experience for all City departments, at their legal level of control.

**Capital Assets and Debt Administration**

**Capital assets** – The City's investment in capital assets for governmental and business-type activities, net of accumulated depreciation of \$179.7 million, as of June 30, 2010, amounts to \$443.6 million. The investment in capital assets includes land and land improvements, buildings and improvements, machinery and equipment, infrastructure and construction in progress.

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	2010	2009	2010	2009	2010	2009
Land and improvements.....	\$ 22,226,126	\$ 21,774,126	\$ 284,785	\$ 284,785	\$ 22,510,911	\$ 22,058,911
Buildings and improvements.....	120,264,614	126,113,246	2,431,391	2,503,680	122,696,005	128,616,926
Machinery and equipment.....	19,746,669	17,735,002	2,405,243	2,634,295	22,151,912	20,369,297
Infrastructure.....	41,037,324	39,500,435	57,100,909	54,815,678	98,138,233	94,316,113
Construction in progress.....	<u>175,076,100</u>	<u>108,302,287</u>	<u>3,049,917</u>	<u>-</u>	<u>178,126,017</u>	<u>108,302,287</u>
 Total capital assets.....	 \$ <u><u>378,350,833</u></u>	 \$ <u><u>313,425,096</u></u>	 \$ <u><u>65,272,245</u></u>	 \$ <u><u>60,238,438</u></u>	 \$ <u><u>443,623,078</u></u>	 \$ <u><u>373,663,534</u></u>

Total capital assets, net of accumulated depreciation, increased by \$69.9 million or 18.7%. Major capital asset events during 2010 included the following:

- Business-type activity net capital assets increased by \$5.0 million, principally due to the ongoing water meter replacement program, but also due to water system improvements funded with Massachusetts Water Resources Authority grants and interest free loans.
- Governmental activity capital assets (net) increased by \$65.0 million, principally as a result of construction progress at the new Newton North High School facility. The new North High School facility has been classified as construction in progress as of June 30, 2010 because the building was not put in use as a public school building until September 7, 2010, the first day of the 2010 – 2011 school year.

Additional information on the City’s capital assets may be found on pages 49-51 of this report.

**Debt outstanding** – At June 30, 2010, the City had total long term debt outstanding of \$216.8 million, \$187.7 million for governmental activities and \$29.1 million for business-type activities. There were no bond anticipation notes outstanding at June 30, 2010. All debt is a general obligation of the City, although water and sewer debt service payments are made from the resources of the enterprise funds and community preservation fund project debt service payments are made from resources of the community preservation fund.

**City of Newton, Massachusetts  
General Obligation Bonds and Notes Outstanding – by Purpose**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Education buildings.....	\$ 163,432,000	\$ 155,328,000	\$ -	\$ -	\$ 163,432,000	\$ 155,328,000
Municipal buildings.....	11,723,000	3,837,000	-	-	11,723,000	3,837,000
Departmental equipment.....	6,968,000	4,465,000	-	-	6,968,000	4,465,000
Landfill closure.....	1,307,300	1,440,800	-	-	1,307,300	1,440,800
Street reconstruction.....	470,000	775,000	-	-	470,000	775,000
Land acquisition.....	3,785,000	4,840,000	-	-	3,785,000	4,840,000
Water system.....	-	-	18,105,254	18,651,065	18,105,254	18,651,065
Sanitary sewer system.....	-	-	11,056,496	11,608,769	11,056,496	11,608,769
<b>Total bonds and notes.....</b>	<b>\$ 187,685,300</b>	<b>\$ 170,685,800</b>	<b>\$ 29,161,750</b>	<b>\$ 30,259,834</b>	<b>\$ 216,847,050</b>	<b>\$ 200,945,634</b>

During the year just ended, the City added \$28.5 million in new bonds and retired \$12.6 million in existing bonds. General fund interest and principal payments amounted to \$14.4 million or 4.5% of fund revenues and other financing sources. Community Preservation Fund interest and principal payments amounted to \$1.2 million or 38.7% of fund revenues.

All existing long term debt of the City’s existing debt will be repaid in full by the year 2040.

At June 30, 2010 the City’s authorized and unissued long term debt amounted to \$29.9 million, a decrease of \$15.0 million (33.4%) from June 30, 2009.

The City’s bonds are rated Aaa by Moody’s Investor Services Inc.

Additional information on the City’s long-term debt can be found on pages 53-58 of this report. In addition, debt trend information is available on pages 128-131 of this report.

## **Economic Factors and Next Year's Budget and Rates**

- According to the U.S Census Bureau, the median family income for the City for calendar year 2005 was \$124,893. This compares favorably with the U.S median family income of \$55,832. The City's per capita income was \$55,891 compared with \$25,035 for the nation as a whole.
- According to the Commonwealth of Massachusetts Division of Unemployment Assistance, the unemployment rate for the City as June 30, 2010 was 6.5%, which compares favorably with the statewide unemployment rate of 9.0% and a national unemployment rate of 9.5% for this same period.
- According to the City's Board of Assessors, the 2010 median value of a single family home in Newton was \$685,900, the median value of a commercial property was \$728,200; and the median value of industrial property was \$787,150.

The City of Newton's fiscal year 2011 general fund operating budget, as amended through this date amounts to \$300.1 million. This represents an increase of \$2.1 million or 0.7% from the final fiscal year 2010 budget total. A total of \$2.6 million of the increased fiscal year 2011 budget represents the City's initial contribution to a "Rainy Day" Stabilization Fund.

## **Request for Information**

This financial report is designed to provide a general overview of the City's finances for all of those with an interest in the City's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to the Comptroller, City of Newton, 1000 Commonwealth Avenue, Newton, Massachusetts 02459 or [dwilkinson@newtonma.gov](mailto:dwilkinson@newtonma.gov).

# **Basic Financial Statements**

CITY OF NEWTON, MASSACHUSETTS  
STATEMENT OF NET ASSETS

JUNE 30, 2010

ASSETS	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$ 83,543,572	\$ 2,488,561	\$ 86,032,133	\$ 471,967
Restricted cash and cash equivalents	51,180,137	13,497,988	64,678,125	394,939
Investments	7,639,914	-	7,639,914	-
Restricted investments	541,241	-	541,241	-
Interest and dividends	39,619	-	39,619	461,801
Receivables, net of allowance for uncollectibles:				
Real estate and personal property taxes	4,402,009	-	4,402,009	-
Tax and utility liens	4,632,467	455,783	5,088,250	-
Motor vehicle excise	647,248	-	647,248	-
Community preservation surcharges	45,493	-	45,493	-
Charges for service	846,048	13,310,763	14,156,811	-
Departmental and other	949,200	-	949,200	2,116
Intergovernmental	3,204,292	222,362	3,426,654	-
Special assessments	2,207	98	2,305	-
Loans	-	-	-	79,750
Other assets	53,895	-	53,895	31,289
Internal balances	214,893	(214,893)	-	-
Due from fiduciary funds	33,861	-	33,861	-
Prepaid expenses	-	-	-	5,410
Inventory	-	-	-	810
Working capital deposit	398,417	-	398,417	-
<b>Total current assets</b>	<b>158,374,513</b>	<b>29,760,662</b>	<b>188,135,175</b>	<b>1,448,082</b>
<b>Noncurrent assets:</b>				
Restricted investments	70,714	-	70,714	-
Receivables, net of allowance for uncollectibles:				
Real estate tax deferrals	2,896,319	-	2,896,319	-
Departmental and other	6,592,389	-	6,592,389	-
Intergovernmental	2,619,591	2,294,922	4,914,513	-
Special assessments	564,446	63,517	627,963	-
Loans	-	-	-	2,086,712
Capital assets:				
Nondepreciable	197,302,226	3,334,702	200,636,928	-
Depreciable, net of accumulated depreciation	181,048,607	61,937,543	242,986,150	2,124,199
<b>Total noncurrent assets</b>	<b>391,094,292</b>	<b>67,630,684</b>	<b>458,724,976</b>	<b>4,210,911</b>
<b>Total assets</b>	<b>549,468,805</b>	<b>97,391,346</b>	<b>646,860,151</b>	<b>5,658,993</b>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Warrants payable	6,371,488	614,921	6,986,409	70,588
Accrued liabilities	10,438,056	1,407,061	11,845,117	-
Accrued payroll	14,376,032	106,734	14,482,766	104,083
Revenue refunds payable	6,744,487	-	6,744,487	-
Health claims payable	3,912,427	-	3,912,427	-
Other liabilities	485,946	1,210,694	1,696,640	-
Accrued interest	1,638,350	165,381	1,803,731	-
Abandoned property	581,517	-	581,517	-
Liabilities payable from restricted assets	302,062	376,908	678,970	-
Bonds payable	9,460,500	4,371,395	13,831,895	-
Landfill closure and other environmental liabilities	105,000	-	105,000	-
Compensated absences	2,801,329	30,389	2,831,718	-
Workers' compensation benefits	1,011,345	-	1,011,345	-
Claims & judgments	40,000	-	40,000	-
<b>Total current liabilities</b>	<b>58,268,539</b>	<b>8,283,483</b>	<b>66,552,022</b>	<b>174,671</b>

CITY OF NEWTON, MASSACHUSETTS  
STATEMENT OF NET ASSETS (Continued)

JUNE 30, 2010

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Noncurrent liabilities:</b>				
Bonds payable.....	\$ 178,224,800	\$ 24,790,355	\$ 203,015,155	\$ -
Landfill closure and other environmental liabilities .....	805,000	-	805,000	-
Compensated absences .....	5,380,519	273,496	5,654,015	-
Net OPEB obligation.....	81,535,270	1,937,583	83,472,853	-
Workers' compensation benefits.....	5,673,516	-	5,673,516	-
<b>Total noncurrent liabilities .....</b>	<b>271,619,105</b>	<b>27,001,434</b>	<b>298,620,539</b>	<b>-</b>
<b>Total liabilities.....</b>	<b>329,887,644</b>	<b>35,284,917</b>	<b>365,172,561</b>	<b>174,671</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt .....	194,301,691	38,627,779	232,929,470	2,124,199
Restricted for:				
Capital purposes:				
Community preservation activities .....	36,998,064	13,497,989	50,496,053	-
Education activities .....	10,568,735	-	10,568,735	-
Debt service .....	965,920	-	965,920	-
Perpetual funds:	749,640	-	749,640	-
Expendable .....	740,024	-	740,024	-
Nonexpendable .....	441,993	-	441,993	-
Other specific purposes .....	1,899,027	-	1,899,027	-
Unrestricted .....	(27,083,933)	9,980,661	(17,103,272)	3,360,123
<b>Total net assets .....</b>	<b>\$ 219,581,161</b>	<b>\$ 62,106,429</b>	<b>\$ 281,687,590</b>	<b>\$ 5,484,322</b>

See notes to basic financial statements.

CITY OF NEWTON, MASSACHUSETTS  
STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Functions/Programs	Expenses	Program Revenues			Net (Expense)/ Revenue
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary government:</b>					
<b>Governmental activities:</b>					
<b>General government</b>					
Legislative & executive.....	\$ 2,472,548	\$ 236,351	\$ 16,399	\$ 11,738	\$ (2,208,060)
Elections.....	953,125	888	24,158	-	(928,079)
Financial administration.....	4,116,946	190,194	2,409	-	(3,924,343)
Administrative support.....	5,547,052	308,056	1,319	-	(5,237,677)
Planning & development.....	7,362,446	436,904	4,814,799	-	(2,110,743)
Public building maintenance & operation.....	4,171,185	5,146	129,297	-	(4,036,742)
<b>Public safety</b>					
Police.....	27,263,699	4,941,378	279,813	-	(22,042,508)
Fire.....	23,368,594	514,797	41,626	-	(22,812,171)
Inspectional services.....	1,449,950	3,315,301	-	-	1,865,351
Other public safety.....	86,558	22,110	-	-	(64,448)
<b>Education.....</b>	<b>245,946,308</b>	<b>6,727,663</b>	<b>57,084,833</b>	<b>-</b>	<b>(182,133,812)</b>
<b>Public works</b>					
Streets & sidewalks.....	13,566,976	2,305,659	-	1,948,346	(9,312,971)
Control of snow & ice.....	2,763,747	-	-	-	(2,763,747)
Collection & disposal of solid waste.....	7,685,880	157,833	481	-	(7,527,566)
Engineering.....	2,122,240	22,072	-	-	(2,100,168)
<b>Health &amp; human services</b>					
Public health & human services.....	9,421,190	113,836	339,120	-	(8,968,234)
Senior services.....	913,873	7,447	362,613	-	(543,813)
Veteran services.....	336,994	-	198,439	-	(138,555)
<b>Culture and recreation</b>					
Libraries.....	7,802,664	(207,218)	522,713	-	(7,487,169)
Parks & recreation.....	8,077,725	1,871,472	210,381	-	(5,995,872)
Newton History museum.....	364,723	-	2,681	-	(362,042)
Debt service - interest.....	7,234,167	-	1,675,083	-	(5,559,084)
<b>Total governmental activities.....</b>	<b>383,028,590</b>	<b>20,969,889</b>	<b>65,706,164</b>	<b>1,960,084</b>	<b>(294,392,453)</b>
<b>Business-type activities:</b>					
Water.....	13,780,687	14,194,684	347,502	32,633	794,132
Sewer.....	23,347,392	24,210,694	385,446	212,698	1,461,446
<b>Total business-type activities.....</b>	<b>37,128,079</b>	<b>38,405,378</b>	<b>732,948</b>	<b>245,331</b>	<b>2,255,578</b>
<b>Total Primary Government.....</b>	<b>\$ 420,156,669</b>	<b>\$ 59,375,267</b>	<b>\$ 66,439,112</b>	<b>\$ 2,205,415</b>	<b>\$ (292,136,875)</b>
<b>Component units:</b>					
Newton Commonwealth Foundation, Inc.....	\$ 269,728	\$ 270,867	\$ 5,421	\$ -	\$ 6,560
Newton Community Development Authority.....	370,855	-	71,352	-	(299,503)
Newton Community Farm, Inc.....	124,789	83,933	48,410	-	7,554
<b>Total Component Units.....</b>	<b>\$ 765,372</b>	<b>\$ 354,800</b>	<b>\$ 125,183</b>	<b>\$ -</b>	<b>\$ (285,389)</b>

CITY OF NEWTON, MASSACHUSETTS  
STATEMENT OF ACTIVITIES (Continued)

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Changes in net assets:</b>				
Net (expense)/revenue (from previous page).....	\$ (294,392,453)	\$ 2,255,578	\$ (292,136,875)	\$ (285,389)
<i>General revenues:</i>				
Real estate and personal property taxes, levied for general purposes.....	232,774,689	-	232,774,689	-
Real estate and personal property taxes, levied for community preservation purposes.....	2,288,314	-	2,288,314	-
Motor vehicle and other excise taxes.....	9,860,220	-	9,860,220	-
Hotel room occupancy taxes.....	1,168,095	-	1,168,095	-
Meals taxes.....	382,934	-	382,934	-
Penalties and interest on taxes.....	1,026,507	-	1,026,507	-
Payments in lieu of taxes.....	3,270,902	-	3,270,902	-
Grants and contributions not restricted to specific programs.....	5,891,287	-	5,891,287	-
Unrestricted investment income.....	934,313	-	934,313	-
Gain on sale of assets.....	24,347	2,776	27,123	-
Other.....	1,752,802	-	1,752,802	-
<i>Transfers, net</i> .....	1,376,187	(1,376,187)	-	-
Total general revenues and transfers.....	260,750,597	(1,373,411)	259,377,186	-
Change in net assets.....	(33,641,856)	882,167	(32,759,689)	(285,389)
Net assets - beginning of year (as restated).....	253,223,017	61,224,262	314,447,279	5,769,711
Net assets - end of year.....	\$ 219,581,161	\$ 62,106,429	\$ 281,687,590	\$ 5,484,322

See notes to basic financial statements.

CITY OF NEWTON, MASSACHUSETTS  
GOVERNMENTAL FUNDS  
BALANCE SHEET

JUNE 30, 2010

ASSETS	General	Community Preservation	High School Improvements	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 43,890,957	\$ -	\$ -	\$ 23,453,528	\$ 67,344,485
Interest and dividends	-	-	-	3,884	3,884
Receivables, net of allowance for uncollectibles:					
Real estate and personal property taxes	4,402,009	-	-	-	4,402,009
Real estate tax deferrals	2,896,319	-	-	-	2,896,319
Tax and utility liens	4,627,580	-	-	4,887	4,632,467
Motor vehicle excise	647,248	-	-	-	647,248
Community preservation surcharges	-	45,493	-	-	45,493
Charges for services	74,010	-	-	772,038	846,048
Departmental and other	7,513,602	-	-	27,987	7,541,589
Intergovernmental	995,719	616,589	2,328,858	1,882,717	5,823,883
Special assessments	566,653	-	-	-	566,653
Due from other funds	314,275	-	-	-	314,275
Due from fiduciary funds	33,861	-	-	-	33,861
Other assets	23,895	-	-	30,000	53,895
Restricted assets:					
Cash and cash equivalents	-	10,367,962	24,371,679	16,440,496	51,180,137
Investments	-	-	-	611,955	611,955
<b>TOTAL ASSETS</b>	<b>\$ 65,986,128</b>	<b>\$ 11,030,044</b>	<b>\$ 26,700,537</b>	<b>\$ 43,227,492</b>	<b>\$ 146,944,201</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES:</b>					
Warrants payable	\$ 2,038,501	\$ 573	\$ 3,071,752	\$ 912,495	\$ 6,023,321
Accrued liabilities	4,314,955	455,856	5,216,066	410,334	10,397,211
Accrued payroll	13,026,715	2,459	-	1,318,204	14,347,378
Revenue refunds payable	6,744,487	-	-	-	6,744,487
Other liabilities	-	2,421	-	483,525	485,946
Abandoned property	581,517	-	-	-	581,517
Liabilities due depositors	302,062	-	-	-	302,062
Deferred revenue	19,665,346	653,002	2,328,858	464,287	23,111,493
Due to other funds	-	-	-	99,382	99,382
<b>TOTAL LIABILITIES</b>	<b>46,673,583</b>	<b>1,114,311</b>	<b>10,616,676</b>	<b>3,688,227</b>	<b>62,092,797</b>
<b>FUND BALANCES:</b>					
Reserved for:					
Encumbrances and continuing appropriations	4,996,623	6,836,539	-	-	11,833,162
Debt service	749,640	-	-	-	749,640
Capital stabilization	-	-	-	15,783,210	15,783,210
Perpetual permanent funds	-	-	-	441,993	441,993
Other specific purposes	-	-	-	2,864,947	2,864,947
Unreserved:					
Designated for subsequent year's expenditures	2,675,133	-	-	-	2,675,133
Undesignated, reported in:					
General fund	10,891,149	-	-	-	10,891,149
Special revenue funds	-	3,079,194	-	7,625,739	10,704,933
Capital projects funds	-	-	16,083,861	12,083,352	28,167,213
Permanent funds	-	-	-	740,024	740,024
<b>TOTAL FUND BALANCES</b>	<b>19,312,545</b>	<b>9,915,733</b>	<b>16,083,861</b>	<b>39,539,265</b>	<b>84,851,404</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 65,986,128</b>	<b>\$ 11,030,044</b>	<b>\$ 26,700,537</b>	<b>\$ 43,227,492</b>	<b>\$ 146,944,201</b>

See notes to basic financial statements.

CITY OF NEWTON, MASSACHUSETTS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TOTAL FUND BALANCES TO THE STATEMENT OF NET ASSETS

JUNE 30, 2010

Total governmental fund balances (page 21).....	\$	84,851,404
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.....		378,350,833
Other assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.....		23,111,493
In the statement of net assets, interest is accrued on outstanding long-term debt, whereas in the governmental funds interest is not reported until due.....		(1,638,350)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Bonds and notes payable.....		(187,685,300)
Court judgments.....		(40,000)
Landfill closure and other environmental liabilities.....		(910,000)
Compensated absences.....		(8,181,848)
Net OPEB obligation.....		(81,535,270)
Internal service funds are used by management to account for health insurance, workers' compensation, building insurance and liability insurance activities. The assets and liabilities of the internal service funds are reported as governmental activities in the statement of net assets.....		13,258,199
Net assets of governmental activities (page 18).....	\$	219,581,161

See notes to basic financial statements.

CITY OF NEWTON, MASSACHUSETTS  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	General	Community Preservation	High School Improvements	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Real estate and personal property taxes	\$ 233,726,177	\$ -	\$ -	\$ -	\$ 233,726,177
Motor vehicle excise taxes	10,222,534	-	-	-	10,222,534
Hotel room occupancy taxes	1,168,095	-	-	-	1,168,095
Meals taxes	382,934	-	-	-	382,934
Community preservation surcharges	-	2,296,523	-	-	2,296,523
Penalties and interest on taxes	1,002,806	-	-	23,701	1,026,507
Licenses and permits	4,133,582	-	-	430,926	4,564,508
Intergovernmental	53,332,404	763,914	-	21,347,151	75,443,469
Charges for services	1,647,343	-	-	13,174,351	14,821,694
Fines and forfeitures	2,084,951	-	-	16,567	2,101,518
Investment income	887,569	46,744	-	82,505	1,016,818
Contributions and donations	-	-	-	1,185,340	1,185,340
Payments in lieu of taxes	3,095,059	-	-	-	3,095,059
Miscellaneous	235,495	-	-	432,045	667,540
Special assessments	74,274	-	-	84,207	158,481
<b>TOTAL REVENUES</b>	<b>311,993,223</b>	<b>3,107,181</b>	<b>-</b>	<b>36,776,793</b>	<b>351,877,197</b>
<b>EXPENDITURES</b>					
Current:					
General government:					
Legislative & executive	1,878,689	-	-	-	1,878,689
Elections	742,612	-	-	32,099	774,711
Financial administration	3,016,728	-	-	-	3,016,728
Administrative support	4,014,936	-	-	1,304	4,016,240
Planning & development	977,929	1,867,013	-	4,452,853	7,297,795
Public building maintenance & operations	2,816,431	92,722	-	2,114,421	5,023,574
Public safety:					
Police	17,107,061	-	-	2,994,138	20,101,199
Fire	15,953,711	-	-	827,131	16,780,842
Inspectional services	1,035,615	-	-	1,548	1,037,163
Other public safety	80,059	-	-	-	80,059
Education	163,733,338	-	63,949,213	26,747,843	254,430,394
Public works:					
Streets & sidewalks	6,693,623	2,400	-	5,364,153	12,060,176
Control of snow & ice	2,410,271	-	-	-	2,410,271
Collection & disposal of solid waste	6,413,988	-	-	121,587	6,535,575
Vehicle maintenance	2,105,293	-	-	4,464	2,109,757
Engineering	1,399,076	-	-	20,183	1,419,259
Administration & support	1,822,402	-	-	-	1,822,402
Health and human services:					
Health & human services	2,984,129	-	-	293,119	3,277,248
Senior services	582,315	-	-	226,695	809,010
Veteran services	219,527	-	-	-	219,527
Culture and recreation:					
Libraries	5,175,444	-	-	455,473	5,630,917
Parks & recreation	4,784,631	15,640	-	1,906,633	6,706,904
Newton History museum	238,168	48,191	-	13,234	299,593
Retirement benefits	49,940,948	-	-	-	49,940,948
Workers' compensation insurance	1,350,000	-	-	-	1,350,000
Property and liability insurance	326,169	-	-	-	326,169
Claims and judgments	100,453	-	-	-	100,453
State assessments & charges	5,619,317	-	-	-	5,619,317
Debt service:					
Principal	7,493,500	1,055,000	-	-	8,548,500
Interest	6,916,268	162,988	-	-	7,079,256
<b>TOTAL EXPENDITURES</b>	<b>317,932,631</b>	<b>3,243,954</b>	<b>63,949,213</b>	<b>45,576,878</b>	<b>430,702,676</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(5,939,408)</b>	<b>(136,773)</b>	<b>(63,949,213)</b>	<b>(8,800,085)</b>	<b>(78,825,479)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	6,045,656	-	-	2,814,494	8,860,150
Issuance of general obligation bonds	-	-	11,650,000	13,898,000	25,548,000
Premium from issuance of bonds and notes	815,357	-	-	-	815,357
Sale of capital assets	18,541	-	-	23,950	42,491
Transfers out	(1,796,879)	(1,521)	-	(5,407,981)	(7,206,381)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>5,082,675</b>	<b>(1,521)</b>	<b>11,650,000</b>	<b>11,328,463</b>	<b>28,059,617</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(856,733)</b>	<b>(138,294)</b>	<b>(52,299,213)</b>	<b>2,528,378</b>	<b>(50,765,862)</b>
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<b>20,169,278</b>	<b>10,054,027</b>	<b>68,383,074</b>	<b>37,010,887</b>	<b>135,617,266</b>
<b>FUND BALANCES AT END OF YEAR</b>	<b>\$ 19,312,545</b>	<b>\$ 9,915,733</b>	<b>\$ 16,083,861</b>	<b>\$ 39,539,265</b>	<b>\$ 84,851,404</b>

See notes to basic financial statements.

**CITY OF NEWTON, MASSACHUSETTS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES**

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Net change in fund balances - total governmental funds (page 23).....	\$	(50,765,862)
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. These amounts represent the related activity of the current period.</p>		
Capital outlays .....		80,015,766
Depreciation.....		(15,071,885)
<p>In the statement of activities, only the loss on the disposal of capital assets is reported, whereas in the governmental funds there is no use of financial resources. As a result, the change in net assets differs from the change in fund balance by the net book value of the disposed capital assets.....</p>		
		(18,144)
<p>Revenues in the statement of activities that do not provide current financial resources are fully deferred in the statement of revenues, expenditures and changes in fund balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred revenue.....</p>		
		(4,660,366)
<p>The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any impact on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. These amounts represent the related activity of the current period.</p>		
Bond proceeds .....		(25,548,000)
Bond maturities .....		8,548,500
<p>In the statement of activities, interest is accrued on outstanding long-term debt, whereas in the governmental funds interest is not reported until due. This amount represents the net change in accrued interest payable.....</p>		
		(154,911)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported in the governmental funds. These amounts represent the net changes in accruals:</p>		
Landfill closure and other environmental liabilities.....		(140,000)
Compensated absences.....		191,709
Net OPEB obligation.....		(28,011,719)
<p>Internal service funds are used by management to account for health insurance, workers' compensation, building insurance and liability insurance activities. The net activity of the internal service funds is reported with governmental activities.....</p>		
		<u>1,973,056</u>
Changes in net assets of governmental activities (page 20).....	\$	<u>(33,641,856)</u>

See notes to basic financial statements.

CITY OF NEWTON, MASSACHUSETTS  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Final Budget	Actual Budgetary Amounts	Variance to Final Budget Positive/ (Negative)
<b>REVENUES</b>				
Real estate and personal property taxes	\$ 229,753,019	230,471,465	\$ 233,329,458	\$ 2,857,993
Motor vehicle excise taxes	10,900,000	10,239,711	10,110,730	(128,981)
Hotel room occupancy taxes	1,150,000	1,171,341	1,168,095	(3,246)
Meals tax	-	606,337	382,934	(223,403)
Penalties and interest on taxes	1,000,000	1,000,000	1,002,806	2,806
Licenses and permits	4,000,000	3,149,845	4,133,582	983,737
Intergovernmental	25,670,411	25,213,347	26,128,171	914,824
Charges for services	1,610,000	1,535,500	1,647,343	111,843
Fines and forfeitures	2,010,000	2,030,000	2,084,951	54,951
Investment income	1,500,000	1,000,000	887,569	(112,431)
Payments in lieu of taxes	358,500	365,000	3,095,059	2,730,059
Miscellaneous	115,000	100,000	235,495	135,495
Special assessments	50,000	235,803	74,274	(161,529)
<b>TOTAL REVENUES</b>	<b>278,116,930</b>	<b>277,118,349</b>	<b>284,280,467</b>	<b>7,162,118</b>
<b>EXPENDITURES</b>				
Current:				
General government:				
Legislative & executive	1,816,002	1,922,355	1,878,689	43,666
Elections	660,124	788,924	742,612	46,312
Financial administration	2,957,410	3,482,299	3,016,728	465,571
Administrative support	4,045,834	4,370,635	3,821,111	549,524
Planning & development	1,037,879	1,170,429	977,929	192,500
Public building maintenance & operations	2,580,076	3,123,160	2,892,443	230,717
Public safety:				
Police	17,067,757	17,020,402	16,247,522	772,880
Fire	15,966,740	16,359,933	16,080,224	279,709
Inspectional services	1,162,676	1,138,676	1,035,615	103,061
Other public safety	91,845	91,845	80,059	11,786
Education	166,012,179	164,882,067	163,283,685	1,598,382
Public works:				
Streets & sidewalks	6,378,918	7,556,651	6,782,553	774,098
Control of snow & ice	933,423	2,486,815	2,442,689	44,126
Collection & disposal of solid waste	6,330,733	6,447,247	6,413,988	33,259
Vehicle maintenance	2,180,721	2,335,045	2,129,971	205,074
Engineering	1,448,672	1,417,278	1,399,076	18,202
Administration & support	2,228,271	1,836,531	1,822,402	14,129
Health and human services:				
Health & human services	2,998,874	3,052,832	2,984,129	68,703
Senior services	594,437	586,437	582,315	4,122
Veteran services	209,280	223,368	219,527	3,841
Culture and recreation:				
Libraries	5,272,556	5,326,949	5,175,444	151,505
Parks & recreation	4,946,104	5,538,851	4,819,649	719,202
Newton History museum	261,020	261,054	238,168	22,886
Retirement benefits	21,829,199	22,017,972	21,932,506	85,466
Workers' compensation insurance	950,000	1,350,000	1,350,000	-
Property and liability insurance	332,292	332,292	326,169	6,123
Claims and judgments	70,000	250,453	250,453	-
Reserve fund	1,481,397	883,126	-	883,126
State assessments & charges	5,566,870	5,664,218	5,619,317	44,901
Debt service:				
Principal	7,453,556	7,453,556	7,453,556	-
Interest	6,879,040	6,879,040	6,878,714	326
<b>TOTAL EXPENDITURES</b>	<b>291,743,885</b>	<b>296,250,440</b>	<b>288,877,243</b>	<b>7,373,197</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(13,626,955)</b>	<b>(19,132,091)</b>	<b>(4,596,776)</b>	<b>14,535,315</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	4,269,473	6,066,878	6,045,656	(21,222)
Premium from issuance of bonds and notes	-	-	815,357	815,357
Sale of capital assets	-	-	18,541	18,541
Transfers out	-	(1,796,879)	(1,796,879)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>4,269,473</b>	<b>4,269,999</b>	<b>5,082,675</b>	<b>812,676</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(9,357,482)</b>	<b>(14,862,092)</b>	<b>485,899</b>	<b>15,347,991</b>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<b>27,402,422</b>	<b>27,402,422</b>	<b>27,402,422</b>	<b>-</b>
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ 18,044,940</b>	<b>\$ 12,540,330</b>	<b>\$ 27,888,321</b>	<b>\$ 15,347,991</b>

See notes to basic financial statements.

**CITY OF NEWTON, MASSACHUSETTS  
COMMUNITY PRESERVATION FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL**

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Final Budget	Actual Budgetary Amounts	Variance to Final Budget Positive/ (Negative)
<b>REVENUES</b>				
Community preservation surcharges .....	\$ 2,273,264	2,273,264	\$ 2,296,523	23,259
Intergovernmental .....	646,303	763,914	763,914	-
Investment income .....	200,000	82,389	46,744	(35,645)
<b>TOTAL REVENUES</b> .....	<b>3,119,567</b>	<b>3,119,567</b>	<b>3,107,181</b>	<b>(12,386)</b>
<b>EXPENDITURES</b>				
Current:				
General government:				
Legislative & executive .....	-	5,200	-	5,200
Planning & development .....	2,145,078	4,100,126	1,415,013	2,685,113
Public building maintenance & operations .....	140,050	722,588	92,722	629,866
Public works:				
Streets & sidewalks .....	2,830	2,830	2,400	430
Culture and recreation:				
Libraries .....	-	36,545	-	36,545
Parks & recreation .....	52,929	504,579	15,640	488,939
Newton History museum .....	2,989,521	3,053,366	48,191	3,005,175
Reserve fund .....	1,745,600	1,379,612	-	1,379,612
Debt service:				
Principal .....	1,055,000	1,055,000	1,055,000	-
Interest .....	162,988	162,988	162,988	-
<b>TOTAL EXPENDITURES</b> .....	<b>8,293,996</b>	<b>11,022,834</b>	<b>2,791,954</b>	<b>8,230,880</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b> .....	<b>(5,174,429)</b>	<b>(7,903,267)</b>	<b>315,227</b>	<b>8,218,494</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers out .....	(26,000)	(26,000)	(1,521)	24,479
<b>TOTAL OTHER FINANCING SOURCES (USES)</b> .....	<b>(26,000)</b>	<b>(26,000)</b>	<b>(1,521)</b>	<b>24,479</b>
<b>NET CHANGE IN FUND BALANCE</b> .....	<b>(5,200,429)</b>	<b>(7,929,267)</b>	<b>313,706</b>	<b>8,242,973</b>
<b>FUND BALANCE AT BEGINNING OF YEAR</b> .....	<b>10,054,027</b>	<b>10,054,027</b>	<b>10,054,027</b>	<b>-</b>
<b>FUND BALANCE AT END OF YEAR</b> .....	<b>\$ 4,853,598</b>	<b>\$ 2,124,760</b>	<b>\$ 10,367,733</b>	<b>\$ 8,242,973</b>

See notes to basic financial statements.

CITY OF NEWTON, MASSACHUSETTS  
 PROPRIETARY FUNDS  
 STATEMENT OF FUND NET ASSETS

JUNE 30, 2010

	Business-Type Activities - Enterprise Fund			Governmental Activities - Internal Service Funds
	Sewer	Water	Total	
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ -	\$ 2,488,561	\$ 2,488,561	\$ 16,199,087
Restricted cash and cash equivalents	3,717,408	9,780,580	13,497,988	-
Investments	-	-	-	7,639,914
Interest and dividends	-	-	-	35,735
Receivables, net of allowance for uncollectibles:				
Charges for service	8,634,424	4,676,339	13,310,763	-
Utility liens	273,238	182,545	455,783	-
Special assessments	98	-	98	-
Intergovernmental	222,362	-	222,362	-
Working capital deposit	-	-	-	398,417
<b>Total current assets</b>	<b>12,847,530</b>	<b>17,128,025</b>	<b>29,975,555</b>	<b>24,273,153</b>
Noncurrent assets:				
Receivables, net of allowance for uncollectible amounts:				
Special assessments	63,517	-	63,517	-
Intergovernmental	2,294,922	-	2,294,922	-
Capital assets:				
Nondepreciable	26,245	3,308,457	3,334,702	-
Depreciable, net of accumulated depreciation	31,419,787	30,517,756	61,937,543	-
<b>Total noncurrent assets</b>	<b>33,804,471</b>	<b>33,826,213</b>	<b>67,630,684</b>	<b>-</b>
<b>Total assets</b>	<b>46,652,001</b>	<b>50,954,238</b>	<b>97,606,239</b>	<b>24,273,153</b>
<b>LIABILITIES</b>				
Current liabilities:				
Warrants payable	153,075	461,846	614,921	348,167
Accrued liabilities	196,415	1,210,646	1,407,061	40,845
Accrued payroll	54,900	51,834	106,734	28,654
Other liabilities	455,101	755,593	1,210,694	-
Liabilities payable from restricted assets	163,407	213,501	376,908	-
Due to other funds	214,893	-	214,893	-
Accrued interest	129,874	35,507	165,381	-
Accrued health claims payable	-	-	-	3,912,427
Workers' compensation claims	-	-	-	1,011,345
Compensated absences	16,047	14,342	30,389	-
Long-term bonds and notes payable	1,378,739	2,992,656	4,371,395	-
<b>Total current liabilities</b>	<b>2,762,451</b>	<b>5,735,925</b>	<b>8,498,376</b>	<b>5,341,438</b>
Noncurrent liabilities:				
Workers' compensation claims	-	-	-	5,673,516
Compensated absences	144,421	129,075	273,496	-
Net OPEB obligation	924,701	1,012,882	1,937,583	-
Long-term bonds and notes payable	9,677,757	15,112,598	24,790,355	-
<b>Total noncurrent liabilities</b>	<b>10,746,879</b>	<b>16,254,555</b>	<b>27,001,434</b>	<b>5,673,516</b>
<b>Total liabilities</b>	<b>13,509,330</b>	<b>21,990,480</b>	<b>35,499,810</b>	<b>11,014,954</b>
<b>FUND NET ASSETS</b>				
Invested in capital assets, net of related debt	22,906,820	15,720,959	38,627,779	-
Restricted for:				
Capital purposes	3,717,409	9,780,580	13,497,989	-
Unrestricted	6,518,442	3,462,219	9,980,661	13,258,199
<b>Total net assets</b>	<b>\$ 33,142,671</b>	<b>\$ 28,963,758</b>	<b>\$ 62,106,429</b>	<b>\$ 13,258,199</b>

See notes to basic financial statements.

CITY OF NEWTON, MASSACHUSETTS  
**PROPRIETARY FUNDS**  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Business-Type Activities - Enterprise Fund			Governmental Activities - Internal Service Funds
	Sewer	Water	Total	
<b>OPERATING REVENUES</b>				
Charges for services.....	\$ 24,209,095	\$ 14,194,684	\$ 38,403,779	\$ -
Special assessments.....	1,599	-	1,599	-
Employer contributions.....	-	-	-	41,023,712
Employee contributions.....	-	-	-	9,974,114
<b>TOTAL OPERATING REVENUES.....</b>	<b>24,210,694</b>	<b>14,194,684</b>	<b>38,405,378</b>	<b>50,997,826</b>
<b>OPERATING EXPENSES</b>				
Salaries, wages and employee benefits.....	3,283,836	2,791,665	6,075,501	-
Other operating expenses.....	863,060	747,569	1,610,629	3,146,631
MWRA assessment.....	17,548,082	8,662,740	26,210,822	-
Workers' compensation.....	150,000	150,000	300,000	-
Self insurance claims.....	-	-	-	46,402,859
Depreciation.....	1,017,807	889,819	1,907,626	-
<b>TOTAL OPERATING EXPENSES.....</b>	<b>22,862,785</b>	<b>13,241,793</b>	<b>36,104,578</b>	<b>49,549,490</b>
<b>OPERATING INCOME (LOSS).....</b>	<b>1,347,909</b>	<b>952,891</b>	<b>2,300,800</b>	<b>1,448,336</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Intergovernmental.....	385,446	347,502	732,948	-
Investment income.....	19,198	32,633	51,831	802,302
Interest expense.....	(484,607)	(538,894)	(1,023,501)	-
Gain (loss) on disposal of capital assets.....	-	2,776	2,776	-
<b>TOTAL NONOPERATING REVENUES (EXPENSES), NET.....</b>	<b>(79,963)</b>	<b>(155,983)</b>	<b>(235,946)</b>	<b>802,302</b>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS.....</b>	<b>1,267,946</b>	<b>796,908</b>	<b>2,064,854</b>	<b>2,250,638</b>
<b>CAPITAL CONTRIBUTIONS AND TRANSFERS</b>				
Capital contributions.....	193,500	-	193,500	-
Transfers in.....	683,111	-	683,111	-
Transfers out.....	(825,712)	(1,233,586)	(2,059,298)	(277,582)
<b>TOTAL CAPITAL CONTRIBUTIONS AND TRANSFERS.....</b>	<b>50,899</b>	<b>(1,233,586)</b>	<b>(1,182,687)</b>	<b>(277,582)</b>
<b>CHANGE IN FUND NET ASSETS.....</b>	<b>1,318,845</b>	<b>(436,678)</b>	<b>882,167</b>	<b>1,973,056</b>
<b>FUND NET ASSETS AT BEGINNING OF YEAR.....</b>	<b>31,823,826</b>	<b>29,400,436</b>	<b>61,224,262</b>	<b>11,285,143</b>
<b>FUND NET ASSETS AT END OF YEAR.....</b>	<b>\$ 33,142,671</b>	<b>\$ 28,963,758</b>	<b>\$ 62,106,429</b>	<b>\$ 13,258,199</b>

See notes to basic financial statements.

CITY OF NEWTON, MASSACHUSETTS  
PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Business-Type Business - Enterprise Fund			Governmental Activities - Internal Service Funds
	Sewer	Water	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users	\$ 22,826,697	\$ 14,052,226	\$ 36,878,923	\$ 9,974,114
Receipts from interfund services provided	-	-	-	41,026,442
Payments to vendors/ providers	(18,798,578)	(8,330,703)	(27,129,281)	(50,303,403)
Payments to employees	(2,379,481)	(1,821,242)	(4,200,723)	-
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>1,648,638</b>	<b>3,900,281</b>	<b>5,548,919</b>	<b>697,153</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers in	683,111	-	683,111	-
Transfers out	(825,712)	(1,233,586)	(2,059,298)	(277,582)
<b>NET CASH FROM NONCAPITAL FINANCING ACTIVITIES</b>	<b>(142,601)</b>	<b>(1,233,586)</b>	<b>(1,376,187)</b>	<b>(277,582)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds from the issuance of bonds and notes	736,500	2,224,400	2,960,900	-
Intergovernmental revenues	193,500	-	193,500	-
Acquisition and construction of capital assets	(1,084,178)	(5,857,255)	(6,941,433)	-
Principal payments on bonds and notes	(1,089,707)	(2,770,211)	(3,859,918)	-
Interest expense	(151,797)	(174,000)	(325,797)	-
Proceeds from sale of capital assets	-	2,776	2,776	-
<b>NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(1,395,682)</b>	<b>(6,574,290)</b>	<b>(7,969,972)</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of investments	-	-	-	(245,437)
Investment income	19,198	32,633	51,831	802,302
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>19,198</b>	<b>32,633</b>	<b>51,831</b>	<b>556,865</b>
<b>NET CHANGE IN CASH AND SHORT-TERM INVESTMENTS</b>	<b>129,553</b>	<b>(3,874,962)</b>	<b>(3,745,409)</b>	<b>976,436</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b> (Includes \$6,587,855 and \$9,070,093 reported as restricted in the sewer and water enterprise funds, respectively)	<b>3,587,855</b>	<b>16,144,103</b>	<b>19,731,958</b>	<b>15,222,651</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b> (Includes \$3,717,408 and \$9,780,580 reported as restricted in the sewer and water enterprise funds, respectively)	<b>\$ 3,717,408</b>	<b>\$ 12,269,141</b>	<b>\$ 15,986,549</b>	<b>\$ 16,199,087</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ 1,347,909	\$ 952,891	\$ 2,300,800	\$ 1,448,336
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Depreciation	1,017,807	889,819	1,907,626	-
Changes in assets and liabilities:				
Interest and dividends	-	-	-	2,730
Utility liens	11,821	23,923	35,744	-
Water fees	-	(166,381)	(166,381)	-
Sewer fees	(1,409,232)	-	(1,409,232)	-
Special assessments	13,414	-	13,414	-
Working capital deposit	-	-	-	30,829
Warrants payable	104,665	245,749	350,414	(194,375)
Accrued liabilities	101,109	1,016,275	1,117,384	(95,760)
Accrued payroll	(93,157)	(114,505)	(207,662)	(244)
Other liabilities	437,768	731,502	1,169,270	-
Liabilities payable from restricted assets	14,087	20,833	34,920	-
Due to other funds	(201,575)	-	(201,575)	-
Accrued health claims payable	-	-	-	(499,819)
Workers' compensation	-	-	-	5,456
Accrued compensated absences	2,462	8,036	10,498	-
Net OPEB obligation	301,560	292,139	593,699	-
<b>Total adjustments</b>	<b>300,729</b>	<b>2,947,390</b>	<b>3,248,119</b>	<b>(751,183)</b>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>\$ 1,648,638</b>	<b>\$ 3,900,281</b>	<b>\$ 5,548,919</b>	<b>\$ 697,153</b>
<b>NONCASH INVESTING, CAPITAL FINANCING ACTIVITIES</b>				
Intergovernmental debt subsidies (MWPAT and MWRA)	\$ 584,512	\$ 347,502	\$ 932,014	\$ -

See notes to basic financial statements.

CITY OF NEWTON, MASSACHUSETTS  
 FIDUCIARY FUNDS  
 STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2010

ASSETS	Pension Trust Fund (As of 12/31/09)	Private Purpose Trust Funds	Agency Funds
Cash and cash equivalents.....	\$ 3,077,415	\$ 2,228,371	\$ 2,426,344
Investments.....	-	5,979,786	-
Equities.....	131,889,445	-	-
Mutual bond funds.....	39,187,265	-	-
Real estate.....	30,344,224	-	-
Alternative.....	17,727,076	-	-
Interest and dividends.....	49	25,700	-
Receivables, net of allowance for uncollectibles:			
Intergovernmental.....	370,710	-	-
Loans.....	-	22,647	-
Total assets.....	<u>222,596,184</u>	<u>8,256,504</u>	<u>2,426,344</u>
<b>LIABILITIES</b>			
Warrants payable.....	9,942	500	217,624
Accrued payroll.....	-	-	424
Payroll withholdings.....	-	-	1,443,934
Other liabilities.....	-	-	764,362
Due to other funds.....	-	33,861	-
Total liabilities.....	<u>9,942</u>	<u>34,361</u>	<u>2,426,344</u>
<b>NET ASSETS</b>			
Held in trust for pension benefits and other purposes.....	<u>\$ 222,586,242</u>	<u>\$ 8,222,143</u>	<u>\$ -</u>

See notes to basic financial statements.

CITY OF NEWTON, MASSACHUSETTS  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Pension Trust Fund (As of 12/31/09)</u>	<u>Private Purpose Trust Funds</u>
<b>ADDITIONS</b>		
Contributions:		
Employer.....	\$ 13,533,100	\$ -
Plan member.....	7,704,725	-
Private donations.....	-	56,536
Total contributions.....	21,237,825	56,536
Net investment income:		
Net appreciation/(depreciation) in fair value of investments.....	24,170,379	-
Interest.....	7,148,783	717,036
Total investment income (loss).....	31,319,162	717,036
Less investment expense.....	(1,141,650)	-
Net investment income (loss).....	30,177,512	717,036
Intergovernmental.....	370,674	-
Transfers from other systems.....	999,571	-
TOTAL ADDITIONS.....	52,785,582	773,572
<b>DEDUCTIONS</b>		
Retirement benefits.....	29,126,639	-
Refunds of contributions & transfers to other systems.....	1,743,311	-
Administration expense.....	265,623	31,276
Educational scholarships & awards.....	-	458,524
TOTAL DEDUCTIONS.....	31,135,573	489,800
CHANGE IN NET ASSETS.....	21,650,009	283,772
NET ASSETS AT BEGINNING OF YEAR.....	200,936,233	7,938,371
NET ASSETS AT END OF YEAR.....	\$ 222,586,242	\$ 8,222,143

See notes to basic financial statements.

CITY OF NEWTON, MASSACHUSETTS  
 COMPONENT UNITS  
 COMBINING STATEMENT OF FUND NET ASSETS

JUNE 30, 2010

	Component Units			Total
	Newton Commonwealth Foundation, Inc. (As of 12/31/09)	Newton Community Development Authority	Newton Community Farm, Inc. (As of 12/31/09)	
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents.....	\$ 411,334	\$ -	\$ 60,633	\$ 471,967
Restricted cash and cash equivalents.....	-	391,214	3,725	394,939
Interest and dividends.....	-	461,801	-	461,801
Receivables, net of allowance for uncollectibles:				
Departmental and other.....	1,799	-	317	2,116
Loans.....	-	79,750	-	79,750
Other assets.....	-	-	31,289	31,289
Prepaid expenses.....	4,620	-	790	5,410
Inventory.....	-	-	810	810
<b>Total current assets.....</b>	<b>417,753</b>	<b>932,765</b>	<b>97,564</b>	<b>1,448,082</b>
Noncurrent assets:				
Receivables, net of allowance for uncollectible amounts:				
Loans.....	-	2,086,712	-	2,086,712
Capital assets:				
Depreciable, net of accumulated depreciation.....	1,865,275	-	258,924	2,124,199
<b>Total noncurrent assets.....</b>	<b>1,865,275</b>	<b>2,086,712</b>	<b>258,924</b>	<b>4,210,911</b>
<b>Total assets.....</b>	<b>2,283,028</b>	<b>3,019,477</b>	<b>356,488</b>	<b>5,658,993</b>
<b>LIABILITIES</b>				
Current liabilities:				
Warrants payable.....	60,340	-	10,248	70,588
Accrued liabilities.....	-	104,083	-	104,083
<b>Total liabilities.....</b>	<b>60,340</b>	<b>104,083</b>	<b>10,248</b>	<b>174,671</b>
<b>FUND NET ASSETS</b>				
Invested in capital assets, net of related debt.....	1,865,275	-	258,924	2,124,199
Unrestricted.....	357,413	2,915,394	87,316	3,360,123
<b>Total net assets.....</b>	<b>\$ 2,222,688</b>	<b>\$ 2,915,394</b>	<b>\$ 346,240</b>	<b>\$ 5,484,322</b>

See notes to basic financial statements.

CITY OF NEWTON, MASSACHUSETTS  
 COMPONENT UNITS  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Component Units			Total
	Newton Commonwealth Foundation, Inc. (As of 12/31/09)	Newton Community Development Authority	Newton Community Farm, Inc. (As of 12/31/09)	
<b>OPERATING REVENUES</b>				
Charges for services.....	\$ 270,867	\$ -	\$ 83,933	\$ 354,800
Contributions.....	-	-	47,830	47,830
<b>TOTAL OPERATING REVENUES.....</b>	<b>270,867</b>	<b>-</b>	<b>131,763</b>	<b>402,630</b>
<b>OPERATING EXPENSES</b>				
Salaries, wages and employee benefits.....	88,846	-	124,789	213,635
Other operating expenses.....	50,000	370,855	-	420,855
Depreciation.....	130,882	-	-	130,882
<b>TOTAL OPERATING EXPENSES.....</b>	<b>269,728</b>	<b>370,855</b>	<b>124,789</b>	<b>765,372</b>
<b>OPERATING INCOME (LOSS).....</b>	<b>1,139</b>	<b>(370,855)</b>	<b>6,974</b>	<b>(362,742)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Intergovernmental.....	-	7,590	-	7,590
Investment income.....	5,421	63,762	580	69,763
<b>TOTAL NONOPERATING REVENUES (EXPENSES), NET.....</b>	<b>5,421</b>	<b>71,352</b>	<b>580</b>	<b>77,353</b>
<b>CHANGE IN FUND NET ASSETS.....</b>	<b>6,560</b>	<b>(299,503)</b>	<b>7,554</b>	<b>(285,389)</b>
<b>FUND NET ASSETS AT BEGINNING OF YEAR (AS RESTATED).....</b>	<b>2,216,128</b>	<b>3,214,897</b>	<b>338,686</b>	<b>5,769,711</b>
<b>FUND NET ASSETS AT END OF YEAR.....</b>	<b>\$ 2,222,688</b>	<b>\$ 2,915,394</b>	<b>\$ 346,240</b>	<b>\$ 5,484,322</b>

See notes to basic financial statements.

## CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2010

### Note 1 - Summary of Significant Accounting Policies

#### A. Reporting Entity

The City of Newton, Massachusetts (the City) is a municipal corporation governed by an elected Mayor, who serves a four-year term, and a twenty-four member Board of Aldermen, who serve two-year terms. Sixteen of the members of the Board of Aldermen are elected at large, and eight members are elected from one of the City's eight wards. The current city charter was approved by the voters of the City on November 2, 1971, and became effective January 1972.

The financial statements of the City have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the standard setting body for governmental accounting and financial reporting.

The accompanying financial statements present the activities of the City and its component units, legally separate organizations for which the City is financially accountable or integrated.

#### Blended Component Unit

The following component unit provides services or benefits exclusively or almost exclusively to the City or its employees and is therefore blended and reported as if it were part of the City:

The Newton Contributory Retirement System (the System) was established to provide retirement benefits to City employees, Newton Housing Authority employees and their respective beneficiaries. The System is governed by a five member board comprised of the City Comptroller (ex officio); an appointee of the Mayor; two members elected by the active and retired members of the System, and one member appointed by the other four members. The System is presented using the accrual basis of accounting and is reported as a pension trust fund in the fiduciary funds financial statements.

The System does not issue a separate audited financial statement. The System issues a publicly available unaudited financial report in accordance with guidelines established by the Commonwealth of Massachusetts' Public Employee Retirement Administration Commission. That report may be obtained by contacting the System located at 1000 Commonwealth Avenue, Newton, Massachusetts 02459.

#### Discretely Presented Component Units

The following component units are discretely presented in the government-wide financial statements because of the nature and/or significance of their relationships with the City. Each of the component units described below are considered major component units.

*The Newton Commonwealth Foundation, Inc. (the Foundation)* was established for the management of the Newton Commonwealth Golf Course on the site formerly known as the Chestnut Hill Country Club. The Foundation is governed by a fifteen member board appointed by the Mayor and are subject to confirmation approval by a majority of the Board of Aldermen. The annual operating budget of the Foundation is subject to approval by the Mayor. Complete audited financial statements may be obtained by writing to the Foundation Chairman at Newton City Hall, 1000 Commonwealth Avenue, Newton, Massachusetts 02469.

*The Newton Community Development Authority (the Authority)* was established in 1975 pursuant to Chapter 705 of the Massachusetts General Laws to develop housing programs for low and moderate income families, the elderly and handicapped residents of the City. The Authority is governed solely by the City's Director of Planning and Development, who is appointed by the Mayor, subject to confirmation approval by a majority of the Board of Aldermen. The Authority does not issue a separate audited financial statement.

## CITY OF NEWTON, MASSACHUSETTS

### Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2010

*The Newton Community Farm, Inc.*, a non-profit organization, was established in 2005 to preserve the historic Angino Farm, including its open space, buildings, and farm structures. The farm, building, and structures are owned by the City of Newton and licensed out to the organization. Complete audited financial statements may be obtained by writing to the Newton Community Farm's administrative office located at 303 Nahanton Street, Newton, Massachusetts 02459.

#### **B. Basis of Presentation, Basis of Accounting**

Government-wide Statements: The statement of net assets and the statement of activities display information about the primary government (the City) including its blended component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize double counting of internal activities. These statements distinguish between the *governmental* and *business-type* activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each major function/service program of the City's governmental activities. Direct expenses are those that are specifically associated with a program and, therefore, are clearly identifiable to a particular service. Vehicle maintenance; retirement benefits; workers' compensation; property and liability insurance; health insurance subsidies; claims and judgments; other; and state assessments and charges costs have been allocated to major functions/programs in order to present a more accurate and complete picture of the cost of City services. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the major programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the City's funds, including its fiduciary funds and blended component unit. Separate statements for each fund category – *governmental*, *proprietary*, and *fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, with each displayed in a separate column in their respective governmental fund and proprietary fund financial statements. All remaining governmental funds are aggregated and reported in a separate column.

Internal service funds of the City (which provide services primarily to other funds of the City) are presented, in summary form, as part of the proprietary funds financial statements. Since the principal users of the internal services are the City's governmental activities, financial statements of the internal service funds are presented in the governmental activities column when presented at the government-wide level. The costs of these services are allocated to the appropriate function/program (general government, public safety, education, public works, health and human services, and culture and recreation) in the statement of activities.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from exchange transactions (charges for services) associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. All revenues and expenses not meeting this definition, such as intergovernmental subsidies and investment earnings, are reported as nonoperating revenues and expenses.

## CITY OF NEWTON, MASSACHUSETTS

### Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2010

The City reports the following major governmental funds:

General Fund: This is the City's primary operating fund. It accounts for all financial resources of the government, except those required to be accounted for in another fund.

Community Preservation Fund: This fund accounts for the 1% local property tax surcharge that the voters of the City approved in November of 2001 for open space, historic resource and affordable housing purposes. The Commonwealth of Massachusetts currently matches (in the subsequent fiscal year) local surcharge revenue on a percentage basis that can change annually.

The Board of Aldermen has appropriation authority over all community preservation funds; however, all appropriation recommendations must originate with the nine member community preservation committee.

High School Improvements Fund: This fund accounts for major improvements that are being made to the City's two high schools, and are being financed by the sale of long term debt and state grants.

The non-major governmental funds consist of other special revenue, capital projects and permanent funds that are aggregated and presented in the *non-major governmental funds* column on the governmental funds financial statements. The following describes the general use of these fund types:

The *special revenue fund* is used to account for the proceeds of specific revenue sources (other than permanent funds or capital projects funds) that are restricted by law or administrative action to expenditures for specified purposes.

The *capital projects fund* is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by enterprise and permanent funds).

The *permanent fund* is used to account for financial resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the governmental programs.

The City also reports the following major enterprise funds:

Sewer Fund: This fund accounts for the operation and maintenance of the City's sanitary sewer collection and disposal system. The City is charged an annual assessment by the Massachusetts Water Resources Authority (MWRA) for disposal of sanitary sewerage.

Water Fund: This fund accounts for the operation and maintenance of the City's water supply and distribution system. The City is charged an annual assessment by the Massachusetts Water Resources Authority (MWRA) for water supply.

The City also reports the following fund types:

Internal Service Funds: These funds account for group health, workers' compensation, building and general liability insurance protection to City departments on a cost reimbursement basis.

Pension Trust Fund: This fund is used to account for the activities of the System, which accumulates resources for defined benefit pension benefit payments to qualified employees and retirees and their survivors. This fund is excluded from the City's government-wide financial statements.

## CITY OF NEWTON, MASSACHUSETTS

### Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2010

Private Purpose Trust Funds: These funds are used to account for resources legally held in trust for the benefit of persons and organizations other than the City. Since such funds can not be used for purposes of providing City services, they are excluded from the City's government-wide financial statements.

Agency Fund: This fund is used to account for monies held on behalf of parties other than the City, such as state and federal agencies; independent not-for-profit organizations for which the City collects private donations; the Metro Fire District; and public school student activities. This fund is excluded from the City's government-wide financial statements.

#### **Measurement Focus and Basis of Accounting**

Government-wide, Proprietary, and Fiduciary Fund Financial Statements: The government-wide, proprietary, and fiduciary funds financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time that liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property, motor excise and hotel room occupancy taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Derived tax revenues, such as hotel room occupancy taxes, that result from assessments imposed by the City on exchange transactions are recognized when the underlying exchange occurs. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

For the government-wide and enterprise fund financial statements, all applicable Financial Accounting Standards Board (FASB) pronouncements issued on or prior to November 30, 1989, are applied, unless those pronouncements conflict with or contradict GASB pronouncements.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers revenues reported in the governmental funds to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within sixty days after year-end. Property taxes, motor excise taxes, charges for service, investment income, and in lieu of tax payments are considered to be susceptible to accrual. Revenue from grants, entitlements, and donations is recognized when all eligibility requirements have been satisfied and they are measurable and available.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long term debt, compensated absences, landfill post closure monitoring costs (and other environmental liabilities) and claims and judgments, which are recognized as expenditures only to the extent that they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long term debt and acquisitions under capital leases are reported as other financing sources.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

#### **C. Assets, Liabilities and Equity**

##### **Cash and Cash Equivalents and Investments**

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short term investments with an original maturity of three months or less from the date of acquisition. Investments are carried at fair value.

## CITY OF NEWTON, MASSACHUSETTS

### Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2010

#### **Restricted Cash and Cash Equivalents and Investments**

Permanent fund cash and cash equivalents and investments and cash and cash equivalents associated with certain development and water and sewer utility deposits are classified as restricted. Other assets are classified as restricted when their use is restricted by third-party covenants.

#### **Receivables**

All trade and property tax receivables are shown net of an allowance for doubtful collections. Outstanding personal property taxes, motor excise taxes and parking violations that are three or more years old have been classified as uncollectible for financial reporting purposes.

Based upon an analysis of water and sewer receivable activity over the past three years, 8% of outstanding water and sewer user charges receivable have been assigned to an allowance for doubtful collections. Real estate taxes receivable are secured by tax liens, and therefore are considered 100% collectible.

Property taxes: The City is responsible for assessment and collection of all property taxes. The Board of Assessors determine the estimated fair value of all real and personal property, subject to the property tax, each January 1. Taxes are then levied on each property based upon the budget that is adopted by the Mayor and Board of Aldermen net of the amount of state aid and other revenues. Property taxes are due in quarterly installments - August 1, November 1, February 1 and May 1, and subject to penalties and 14% interest if not paid by the due date. Taxes due on August 1 and November 1 are estimated based upon the prior year tax bill since the tax rate is generally not finalized until late November or December. The February 1 and May 1 tax bills are adjusted to reflect the actual tax levy. It is the City's policy to perfect tax liens on delinquent properties within one year of the date that the tax is levied.

Motor vehicle excise taxes: Motor vehicle excise taxes are assessed annually for each vehicle registered in the City and are recorded as receivables in the fiscal year of the levy. The Commonwealth is responsible for reporting the number of vehicles registered and the fair values of those vehicles. The tax calculation is the fair value of the vehicle multiplied by \$25 per \$1,000 of value.

Water and Sewer User Charges: User fees are billed quarterly based on individual meter readings and are subject to penalties and interest if they are not paid by the respective due date. Water and sewer liens are processed in December of every year and are included as a lien on the property owner's tax bill. Water and sewer charges and related liens are recorded as receivables in the fiscal year of the levy. Unbilled amounts are estimated based upon actual billing amounts subsequent to year-end.

Intergovernmental: Various federal and state grants for operating and capital purposes are applied for and received annually. For non-expenditure driven grants, receivables are recognized as soon as all eligibility requirements have been met. For expenditure driven grants, receivables are recognized when the qualifying expenditures are incurred and all other eligibility requirements have been met.

#### **Inventories**

The amount of inventories is not material to the government-wide and fund financial statements of the City and therefore is recorded as expenditures at the time of purchase.

#### **Capital Assets**

Purchased or constructed capital assets are recorded at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend the assets' useful lives are not capitalized.

## CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2010

Capital assets are defined by the City as assets with an initial, individual cost of \$15,000 or more and an estimated useful life of more than a single year. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Land improvements	7-20 years
Buildings and improvements	20-50 years
Machinery and equipment	3-20 years
Infrastructure	20-50 years

### Inter-fund Transactions

Inter-fund transactions are reflected as either loans, services provided, reimbursements, or transfers. Loans are reported as receivables and payables as appropriate and are subject to elimination in the government-wide statements. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other inter-fund transactions are treated as transfers and are reported "gross" in the fund financial statements. Transfers between governmental funds are eliminated in the conversion to the government-wide financial statements, while transfers between governmental and proprietary funds are reported "net".

### Deferred Revenue

Deferred revenue at the governmental fund financial statement level represents receivables that do not meet the available criterion in accordance with the current financial resources measurement focus and the modified accrual basis of accounting. Deferred revenue, if appropriate, is recognized as revenue in the conversion to the government-wide (full accrual) financial statements.

### Net Assets and Fund Equity

Government – wide financial statements – Net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. Net assets have been reported as restricted for the following purposes:

- Capital purposes represent unspent proceeds of bonds, notes and grants that are restricted for specific capital projects.
- Community preservation activities represent amounts restricted by state statute for open space; historic preservation, and affordable housing under the Community Preservation program.
- Education activities represent amounts received from the U.S. Department of Education, the Commonwealth of Massachusetts' Department of Education, and various private donors for public education services.
- Debt service represents amounts accumulated from Massachusetts School Building Authority (MSBA) for future payment of long-term debt service costs associated with school construction. This amount will be amortized over the next 17 fiscal years.
- Perpetual funds – expendable represents amounts held in trust for which the expenditures are restricted by various trust agreements.
- Perpetual funds – non-expendable represents amounts held in trust for which only investment earnings may be expended.
- Other specific purposes represent restrictions placed on assets by other outside parties.

## CITY OF NEWTON, MASSACHUSETTS

### Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2010

Fund financial statements – Fund balances are reserved for amounts that are not available for appropriation or are legally restricted by outside parties for a specific future use. Designations of fund balance represent management plans that are subject to change. Fund balances have been reserved for the following purposes:

- Encumbrances and continuing appropriations represent amounts obligated under purchase orders, contracts, or other commitments for expenditure that are being carried forward to the ensuing fiscal year.
- Debt service represents amounts accumulated from Massachusetts School Building Authority (MSBA) for future payment of long-term debt service costs associated with school construction. This amount will be amortized over the next 17 fiscal years.
- Capital stabilization funds represent amounts accumulated for future capital project financing.
- Perpetual permanent funds represent amounts held in trust for which only investment earnings may be expended.
- Other specific purposes represent restrictions placed on assets by outside parties.

Fund balances have been designated for the following:

- Subsequent year's expenditures represent amounts appropriated by the Mayor and Board of Aldermen for the fiscal year 2011 budget.

#### **Long term debt**

Government-wide and Proprietary Fund Financial Statements – Long term debt is reported as a liability in the government wide and proprietary fund statements of net assets. Material bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable premium or discount.

Governmental Funds Financial Statements – The face amount of governmental funds long term debt is reported as other financing sources in the Governmental Fund Financial Statements. Bond premiums are reported as other financing sources and bond discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual bond proceeds, are reported as General Government (financial administration) expenditures.

#### **Investment Income**

Excluding the permanent funds, investment income derived from major and non-major governmental funds is legally assigned to the General Fund, unless otherwise directed by legal or contractual provisions.

Investment income from proprietary funds is retained in the funds.

#### **Compensated Absences**

Employees are granted vacation leave, special leave (sick, religious observance, personal leave), and enhanced longevity benefits based upon collective bargaining agreements and city ordinance. These benefit costs are accrued when earned in the government-wide and proprietary fund financial statements. A liability is reported in the governmental funds only if the benefit had been earned at June 30 as a result of a retirement, resignation, or termination, and the benefit is expected to be paid immediately after the start of the new fiscal year. Vacation pay is classified as a current liability, while special leave and school enhanced longevity benefits are classified as non-current liabilities.

#### **Post Retirement Benefits**

In addition to providing pension benefits and as more fully described in Note 12, the City provides health and life insurance coverage for current and future retirees and their spouses.

## CITY OF NEWTON, MASSACHUSETTS

### Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2010

#### **Use of Estimates**

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of the revenues and expenditures/expenses during the fiscal year. Actual results could vary from estimates that were used.

#### **Total Column**

*Government-wide financial statements* – The total column presented in the government-wide financial statements represents consolidated financial information.

*Fund financial statements* – The total column presented on the fund financial statements is presented only to facilitate financial analysis. Data in this column is not the equivalent of consolidated financial information.

### **Note 2 - Stewardship, Compliance, and Accountability**

#### **A. Budget Information**

The municipal finance laws of the Commonwealth of Massachusetts require that the Mayor and Board of Aldermen adopt a balanced budget each fiscal year. The City Charter requires that the Mayor submit a recommended budget to the Board of Aldermen and that the Board adopt the budget, with or without amendments, within forty-five days following the day the budget is received. The Board of Aldermen may approve, reduce or reject any budget recommendation of the Mayor by majority vote, but may not increase an appropriation without the concurrence of the Mayor. Annual appropriations are recommended and approved for the General Fund and Community Preservation Fund for personal services (salaries and wages), expenses (supplies and services), debt service and capital outlay/improvements, and fringe benefits. A single bottom-line appropriation budget is recommended and voted for the Newton Public Schools.

Amendments to the original budget; transfers between municipal departments; and transfers between departmental appropriation units require prior approval of the Mayor and Board of Aldermen, and in the case of a transfer from one department to another, the approval of the head of the department from which funds are being transferred is also required.

The Comptroller's Office has responsibility for making certain that the budget is executed in accordance with the plan approved by the Mayor and Board of Aldermen, and monthly appropriation status reports are provided to the Mayor and Board. Budgetary control is exercised on a line item basis for all municipal departments and transfers between line items within departmental appropriation units require advance approval of the Comptroller. Encumbrance accounting is used as an additional control measure. Encumbrances outstanding at year-end are reported as reservations of fund balance and do not constitute expenditures or liabilities since goods and services have not been received.

Although unobligated annual appropriation balances generally lapse at year-end, it is the City's policy to continue certain appropriations into the following year under certain limited circumstances. These are limited to amounts voted as special (multi-year) appropriations (generally capital outlay and improvements), capital maintenance funds, property tax revaluation program appropriations and funds included in the annual budget for settlement of collective bargaining contracts that have not been settled at year-end.

An annual budget is adopted in conformity with the guidelines described above. The original fiscal year 2010 General Fund and Community Preservation Fund budgets authorized \$291,743,885 and \$8,319,996 (including prior year encumbrances and continuing appropriations), respectively, in appropriations and other amounts to be raised. During the fiscal year, the Mayor and Board of Aldermen authorized supplemental appropriations for the General Fund and Community Preservation Fund totaling \$6,303,434, and \$2,728,838, respectively, for total budgets of \$298,047,319 and \$11,048,834, respectively.

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2010

Total General Fund expenditures and transfers to other funds were \$290,674,122, and \$5,877,645 in appropriation balances were carried forward into fiscal year 2011 to support encumbrances and continuing appropriations. A total of \$881,022 of this sum represents funds appropriated for the settlement of outstanding collective bargaining contracts.

Total Community Preservation Fund expenditures and transfers to other funds were \$2,793,475, and \$6,836,539 in appropriation balances were carried forward into fiscal year 2011 to support encumbrances and continuing appropriations.

**B. Budget to GAAP Reconciliation**

Accounting principles followed for purposes of preparing the financial statements on a budgetary basis differ from those used to present financial statements in accordance with GAAP. A reconciliation of the budgetary-basis to GAAP-basis results for the General Fund and Community Preservation Fund for the fiscal year ended June 30, 2010 are presented below:

	General Fund		Community Preservation Fund
	Revenues	Expenditures	Expenditures
Budgetary basis as reported on the statement of revenues, expenditures and changes in fund balance - budget and actual.....	\$ 284,280,467	\$ 288,877,243	\$ 2,791,954
<u>Adjustments</u>			
Net change in recording 60-day receipts.....	823,318	-	-
Net change in recording tax refunds payable.....	(314,795)	-	-
To record activity for landfill closure subsidy.....	77,498	77,498	-
To record activity of MTRS on-behalf payments.....	28,008,442	28,008,442	-
Net change in collective bargaining accrual.....	-	1,169,091	-
Net change in recording other revenues.....	(881,707)	-	-
Net change in recording other expenditures.....	-	(199,643)	452,000
	<u>\$ 311,993,223</u>	<u>\$ 317,932,631</u>	<u>\$ 3,243,954</u>
GAAP basis as reported on the statement of revenues, expenditures and changes in fund balances.....	\$ 311,993,223	\$ 317,932,631	\$ 3,243,954

**Note 3 - Deposits and Investments**

**A. Summary of Deposit and Investment Balances**

*City (Excluding the Pension Trust Fund)*

The municipal finance laws of the Commonwealth authorize the City to invest temporarily idle cash in bank term deposits and certificates of deposits, and treasury and agency obligations of the United States government, with maturities of one year or less; U.S. treasury or agency repurchase agreements with maturities of not more than 90 days; money market accounts; and the state treasurer's investment pool – the Massachusetts Municipal Depository Trust (MMDT).

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2010

The MMDT meets the criteria of an external investment pool and operates in accordance with applicable state laws and regulations. The Treasurer of the Commonwealth serves as Trustee. The reported value of the pool is the same as the fair value of pool shares.

The municipal finance laws allow the City to invest private purpose trust funds in securities other than mortgages or collateral loans that are legal for the investment of funds of savings banks under the laws of the Commonwealth of Massachusetts.

Investments for the City are reported at fair value.

The City maintains a cash and short term investment pool that is available for use by all funds with unrestricted cash and investments. The deposits and investments of private purpose and pensions trust funds are held separately from those of other City funds.

Deposits - Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the City's deposits may not be recovered. The City does not have a policy for custodial credit risk of deposits. As of June 30, 2010, \$71,922,867 of the City's bank balance of \$85,352,126 was uninsured and uncollateralized.

Investments Summary

The City's investments at June 30, 2010 are presented below. All investments are presented by investment type, with debt securities presented by maturity.

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 - 5	6 - 10	More Than 10
<u>Debt Securities:</u>					
U.S. Treasuries.....	\$ 4,162,198	\$ 355,307	\$ 2,948,577	\$ 111,820	\$ 746,494
U.S. Agencies.....	845,477	207,688	637,789	-	-
Corporate bonds.....	375,491	25,219	205,101	145,171	-
Money market mutual funds.....	1,716,071	1,716,071	-	-	-
Mutual bond funds.....	179,068	179,068	-	-	-
Certificate of deposits.....	597,349	334,291	263,058	-	-
External investment pools.....	76,239,449	76,239,449	-	-	-
Total debt securities.....	84,115,103	\$ 79,057,093	\$ 4,054,525	\$ 256,991	\$ 746,494
<u>Other Investments:</u>					
Equity securities.....	8,288,036				
Equity mutual funds.....	14,010				
Real estate investments.....	241,985				
Alternative investments.....	41,400				
Total other investments.....	8,585,431				
Total investments.....	\$ 92,700,534				

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2010

Investments - Interest Rate Risk of Debt Securities

Interest rate risk for debt securities is the risk that changes in interest rates of debt securities will adversely affect the fair value of an investment. The City does not have a policy for interest rate risk of debt securities.

Investments - Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a policy for custodial credit risk of investments. As of June 30, 2010, \$7,799,733 of the City's investments of \$92,700,534 were uninsured, not registered in the name of the City and exposed to custodial credit risk as follows:

Investment Type	Fair Value	Held by Counterparty	Held by Counterparty's Trust or Agent
U.S. Treasuries.....	\$ 867,323	\$ -	\$ 867,323
U.S. Agencies.....	1,002,286	-	1,002,286
Corporate bonds.....	375,490	-	375,490
Money market mutual funds.....	1,008,577	1,008,577	-
Mutual bond funds.....	179,068	-	179,068
Equity securities.....	3,755,630	-	3,755,630
Equity mutual funds.....	14,010	14,010	-
Certificates of deposit.....	597,349	597,349	-
<b>Total.....</b>	<b>\$ 7,799,733</b>	<b>\$ 1,619,936</b>	<b>\$ 6,179,797</b>

Investments - Credit Risk of Debt Securities

Credit risk for investments is the risk that an issuer or other counterparty to a debt security will not fulfill its obligations. The City does not have a policy for credit risk of debt securities. As of June 30, 2010, the credit quality ratings of the City's investments in debt securities are as follows:

Investment Type	Fair Value	Quality Ratings*					
		AA-2	Aa2	A	A1	A2	Unrated
Corporate bonds.....	\$ 375,491	\$ 40,236	\$ 104,009	\$ 100,310	\$ 47,149	\$ 83,787	\$ -
Money market mutual funds.....	1,716,071	-	-	-	-	-	1,716,071
Mutual bond funds.....	179,068	-	-	-	-	-	179,068
Certificates of deposit.....	597,349	-	-	-	-	-	597,349
External investment pools.....	76,239,449	-	-	-	-	-	76,239,449
<b>Total.....</b>	<b>\$ 79,107,428</b>	<b>\$ 40,236</b>	<b>\$ 104,009</b>	<b>\$ 100,310</b>	<b>\$ 47,149</b>	<b>\$ 83,787</b>	<b>\$ 78,731,937</b>

\* Per the rating scale of Moody's and Standard and Poor's (national credit rating organizations)

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2010

*Pension Trust Fund (The System)*

Pension trust fund investments (more fully described in note 10), include a combination of public and private real estate limited partnership investments, which represents 13.7% of the Pension Fund's total investments. The structure, risk profile, return potential and marketability of these investments differ from traditional equity and fixed income investments. Determination of the value of these investments involves subjective judgment because the actual market value can be determined only by negotiation between the parties to a sales transaction. The City has determined the value of these investments from investment advisors, based upon independent year end appraisals.

The Pension Reserve Investment Trust (PRIT) meets the criteria of an external investment pool and operates in accordance with applicable state laws and regulations. The Treasurer of the Commonwealth serves as Trustee and provides regulatory oversight. The reported value of the pool is the same as the fair value of the City's position in pool shares.

Deposits - Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the System's deposits may not be recovered. The System does not have a policy for custodial credit risk of deposits. As of December 31, 2009, the System is not exposed to custodial credit risk.

Investments Summary

The System's investments at December 31, 2009 are presented below. All investments are presented by investment type, with debt securities presented by maturity.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years) Less Than 1</u>
<u>Debt Securities:</u>		
Money market mutual funds (PRIT).....	\$ 200,049	\$ 200,049
Debt security mutual funds (PRIT).....	39,187,265	39,187,265
External investment pools.....	<u>2,877,415</u>	<u>2,877,415</u>
Total debt securities.....	<u>42,264,729</u>	<u>\$ 42,264,729</u>
<u>Other Investments:</u>		
Equity mutual funds (PRIT).....	131,889,445	
Real estate investments (PRIT).....	19,750,048	
Real estate investments (non PRIT).....	10,594,176	
Alternative investments (PRIT).....	<u>17,727,076</u>	
Total other investments.....	<u>179,960,745</u>	
Total investments.....	<u>\$ 222,225,474</u>	

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2010

Investments - Interest Rate Risk of Debt Securities

Interest rate risk for debt securities is the risk that changes in interest rates of debt securities will adversely affect the fair value of an investment. The System's policy is that at least 15%, but no more than 30% of the portfolio must be invested in fixed income securities.

Investments - Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the System will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The System does not have a policy for custodial credit risk of investments. The custodial arrangements are reflective of the fact that System assets are invested in pooled funds as opposed to individual securities. As of December 31, 2009, the System's investments were not exposed to custodial credit.

Investments - Credit Risk of Debt Securities

Credit risk for debt securities is the risk that an issuer or other counterparty to a debt security will not fulfill its obligations. The System's policy is that bonds shall have a minimum quality rating of Baa or equivalent as rated by one or more recognized bond rating services, however, 5% of the total investment portfolio may be invested in bonds with a minimum quality rating of CCC as rated by Standard & Poor's Corporate and Municipal Rating Service. As of December 31, 2009, the credit quality ratings of the System's debt securities are as follows:

Investment Type	Fair Value	Quality Ratings *  Unrated
Money market mutual funds.....	\$ 200,049	\$ 200,049
Debt security mutual funds.....	39,187,265	39,187,265
External investment pools.....	2,877,415	2,877,415
Total.....	\$ 42,264,729	\$ 42,264,729

\* Per the rating scale of Moody's and Standard and Poor's (national credit rating organizations)

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2010

**Note 4 - Receivables**

At June 30, 2010, receivables for the individual major governmental funds and non-major governmental, internal service and fiduciary funds in the aggregate, including applicable allowances for amounts estimated to be uncollectible, are as follows:

	<u>Gross</u> <u>Amount</u>	<u>Allowance</u> <u>for</u> <u>Uncollectibles</u>	<u>Net</u> <u>Amount</u>
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 4,692,208	\$ (290,199)	\$ 4,402,009
Real estate tax deferrals.....	2,896,319	-	2,896,319
Tax and utility liens.....	4,632,467	-	4,632,467
Motor vehicle excise taxes.....	1,794,911	(1,147,663)	647,248
Community preservation surcharges.....	45,493	-	45,493
Charges for services.....	846,048	-	846,048
Special assessments.....	566,653	-	566,653
Departmental and other.....	10,154,124	(2,612,535)	7,541,589
Intergovernmental.....	6,194,593	-	6,194,593
Loans.....	22,647	-	22,647
	<u>\$ 31,845,463</u>	<u>\$ (4,050,397)</u>	<u>\$ 27,795,066</u>

At June 30, 2010, receivables for the Proprietary Funds consist of the following:

	<u>Gross</u> <u>Amount</u>	<u>Allowance</u> <u>for</u> <u>Uncollectibles</u>	<u>Net</u> <u>Amount</u>
<u>Receivables:</u>			
Utility liens.....	\$ 455,783	\$ -	\$ 455,783
Charges for services.....	14,461,630	(1,150,867)	13,310,763
Special assessments.....	63,615	-	63,615
Intergovernmental.....	2,517,284	-	2,517,284
	<u>\$ 17,498,312</u>	<u>\$ (1,150,867)</u>	<u>\$ 16,347,445</u>

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2010

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At June 30, 2010, the various components of deferred revenue reported in the governmental funds were:

	General Fund	Community Preservation Fund (Major)	High School Improvements Fund (Major)	Nonmajor Governmental Funds	Total
<u>Receivable type:</u>					
Real estate and personal property taxes.....	\$ 3,388,599	\$ -	\$ -	\$ -	\$ 3,388,599
Real estate tax deferrals.....	2,896,319	-	-	-	2,896,319
Tax and utility liens.....	4,627,580	-	-	4,887	4,632,467
Motor vehicle and other excise taxes.....	19,029	-	-	-	19,029
Community preservation surcharges.....	-	36,413	-	-	36,413
Charges for service.....	33,829	-	-	259,870	293,699
Special assessments.....	566,653	-	-	-	566,653
Departmental and other.....	7,443,770	-	-	27,960	7,471,730
Intergovernmental (state school construction).....	-	-	2,328,858	-	2,328,858
Intergovernmental (community development).....	-	-	-	74,853	74,853
Intergovernmental (other state and federal).....	689,567	616,589	-	96,717	1,402,873
<b>Total.....</b>	<b>\$ 19,665,346</b>	<b>\$ 653,002</b>	<b>\$ 2,328,858</b>	<b>\$ 464,287</b>	<b>\$ 23,111,493</b>

The Commonwealth of Massachusetts has approved school building assistance grant reimbursements for nine school renovation projects previously financed with long-term debt. This assistance program, administered by the Massachusetts School Building Authority (MSBA), provides resources for future debt service payments for approved projects. During the fiscal year ended June 30, 2010 the City received final payments totaling \$4,941,992.

The MSBA has approved a grant totaling \$46,577,166 for the Newton North High School project. The grant amount represents 60% of total eligible project costs, not to exceed the approved amount. The City has received \$44,248,308 of such assistance. An intergovernmental receivable and corresponding deferred revenue for the remaining balance of \$2,328,858 has been recorded in the High School Improvements major governmental fund's financial statements. The deferred revenue has been recognized as revenue in the conversion to the government-wide financial statements.

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2010

**Note 5 – Capital Assets**

Capital asset activity for governmental activities for the fiscal year ended June 30, 2010 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land.....	\$ 21,774,126	\$ 452,000	\$ -	\$ 22,226,126
Construction in progress.....	108,302,287	69,895,952	(3,122,139)	175,076,100
Sub-total.....	<u>130,076,413</u>	<u>70,347,952</u>	<u>(3,122,139)</u>	<u>197,302,226</u>
Capital assets being depreciated:				
Buildings and improvements.....	208,760,930	4,348,459	-	213,109,389
Equipment and machinery.....	51,384,580	5,435,224	(875,170)	55,944,634
Road network.....	58,904,472	3,006,270	-	61,910,742
Sub-total.....	<u>319,049,982</u>	<u>12,789,953</u>	<u>(875,170)</u>	<u>330,964,765</u>
Less: accumulated depreciation:				
Buildings and improvements.....	(82,647,684)	(10,197,091)	-	(92,844,775)
Equipment and machinery.....	(33,649,578)	(3,405,413)	857,026	(36,197,965)
Road network.....	(19,404,037)	(1,469,381)	-	(20,873,418)
Sub-total.....	<u>(135,701,299)</u>	<u>(15,071,885)</u>	<u>857,026</u>	<u>(149,916,158)</u>
Total capital assets being depreciated, net.....	<u>183,348,683</u>	<u>(2,281,932)</u>	<u>(18,144)</u>	<u>181,048,607</u>
Governmental capital assets, net.....	\$ <u>313,425,096</u>	\$ <u>68,066,020</u>	\$ <u>(3,140,283)</u>	\$ <u>378,350,833</u>

Depreciation was charged to governmental fund programs in the Statement of Activities as follows:

Legislative & executive.....	\$ 3,585
Elections.....	25,861
Administrative support.....	522,045
Public building maintenance and operations.....	112,631
Police.....	187,420
Fire.....	726,374
Inspectional services.....	4,085
Other public safety.....	1,541
Education.....	10,825,652
Streets and sidewalks.....	1,477,296
Control of snow and ice.....	13,250
Solid waste.....	998
Public health.....	3,600
Senior services.....	48,665
Libraries.....	920,756
Parks and recreation.....	192,536
Newton history museum.....	5,590
Total depreciation expense - governmental activities.....	\$ <u>15,071,885</u>

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2010

Capital asset activity for individual enterprise funds for the fiscal year ended June 30, 2010 is as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Water system:</b>				
Capital assets not being depreciated:				
Land.....	\$ 258,540	\$ -	\$ -	\$ 258,540
Construction in progress.....	-	3,049,917	-	3,049,917
Sub-total.....	<u>258,540</u>	<u>3,049,917</u>	<u>-</u>	<u>3,308,457</u>
Capital assets being depreciated:				
Buildings and improvements.....	2,203,492	-	-	2,203,492
Equipment and machinery.....	4,438,031	52,386	(58,785)	4,431,632
Water system.....	33,971,383	2,754,952	-	36,726,335
Sub-total.....	<u>40,612,906</u>	<u>2,807,338</u>	<u>(58,785)</u>	<u>43,361,459</u>
Less: accumulated depreciation:				
Buildings and improvements.....	(981,707)	(33,163)	-	(1,014,870)
Equipment and machinery.....	(3,194,274)	(151,794)	58,785	(3,287,283)
Water system.....	(7,836,688)	(704,862)	-	(8,541,550)
Sub-total.....	<u>(12,012,669)</u>	<u>(889,819)</u>	<u>58,785</u>	<u>(12,843,703)</u>
Total capital assets being depreciated, net.....	<u>28,600,237</u>	<u>1,917,519</u>	<u>-</u>	<u>30,517,756</u>
Water system capital assets, net.....	<u>\$ 28,858,777</u>	<u>\$ 4,967,436</u>	<u>\$ -</u>	<u>\$ 33,826,213</u>
<b>Sewer system</b>				
Capital assets not being depreciated:				
Land.....	\$ 26,245	\$ -	\$ -	\$ 26,245
Capital assets being depreciated:				
Buildings and improvements.....	1,867,659	-	-	1,867,659
Equipment and machinery.....	2,290,874	36,959	-	2,327,833
Sanitary sewer system.....	43,159,699	1,047,219	-	44,206,918
Sub-total.....	<u>47,318,232</u>	<u>1,084,178</u>	<u>-</u>	<u>48,402,410</u>
Less: accumulated depreciation:				
Buildings and improvements.....	(585,764)	(39,126)	-	(624,890)
Equipment and machinery.....	(900,336)	(166,603)	-	(1,066,939)
Sanitary sewer system.....	(14,478,716)	(812,078)	-	(15,290,794)
Sub-total.....	<u>(15,964,816)</u>	<u>(1,017,807)</u>	<u>-</u>	<u>(16,982,623)</u>
Total capital assets being depreciated, net.....	<u>31,353,416</u>	<u>66,371</u>	<u>-</u>	<u>31,419,787</u>
Sewer system capital assets, net.....	<u>\$ 31,379,661</u>	<u>\$ 66,371</u>	<u>\$ -</u>	<u>\$ 31,446,032</u>

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2010

Capital asset activity for individual component units for the fiscal year ended June 30, 2010 is as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Newton Commonwealth Foundation (Golf course):</b>				
Capital assets being depreciated:				
Land improvements.....	\$ 2,415,887	\$ 163,999	\$ -	\$ 2,579,886
Buildings and improvements.....	78,826	-	(9,345)	69,481
Equipment and machinery.....	48,224	10,498	-	58,722
Sub-total.....	<u>2,542,937</u>	<u>174,497</u>	<u>(9,345)</u>	<u>2,708,089</u>
Less: accumulated depreciation:				
Land improvements.....	(632,317)	(124,935)	-	(757,252)
Buildings and improvements.....	(45,544)	(2,202)	-	(47,746)
Equipment and machinery.....	(34,071)	(3,745)	-	(37,816)
Sub-total.....	<u>(711,932)</u>	<u>(130,882)</u>	<u>-</u>	<u>(842,814)</u>
Golf course capital assets, net.....	<u>\$ 1,831,005</u>	<u>\$ 43,615</u>	<u>\$ (9,345)</u>	<u>\$ 1,865,275</u>
<b>Newton Community Farm:</b>				
Capital assets being depreciated:				
Equipment and machinery.....	\$ 275,262	\$ 21,990	\$ -	\$ 297,252
Less: accumulated depreciation:				
Equipment and machinery.....	(19,766)	(18,562)	-	(38,328)
Newton community farm capital assets, net.....	<u>\$ 255,496</u>	<u>\$ 3,428</u>	<u>\$ -</u>	<u>\$ 258,924</u>

**Note 6 – Inter-fund Receivables, Payables and Transfers**

Receivables and payables between funds at June 30, 2010, are summarized as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Community development block grant - non major governmental fund	75,590 {1}
General Fund	Street improvements - non major governmental fund	23,792 {2}
General Fund	Sewer - sewer major enterprise fund	214,893 {3}
	Total due from other funds	<u>\$ 314,275</u>
General Fund	Chaffin education - private purpose trust fund	6,117 {4}
General Fund	Scovell education - private purpose trust fund	27,744 {5}
	Total due from fiduciary funds	<u>\$ 33,861</u>

- {1} Advance funding pending receipt of Community development block grant fund reimbursements.
- {2} Advance funding pending receipt of state chapter 90 highway construction grant reimbursements.
- {3} Advance funding pending receipt of fiscal year 2011 sewer receipts.
- {4} Advance funding pending receipt of Chaffin fund reimbursements.
- {5} Advance funding pending receipt of Scovell fund reimbursements.

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2010

Inter-fund transfer activity for the fiscal year ended June 30, 2010 consisted of the following:

Transfer Purpose	General Fund	Community Preservation Fund	Non Major Governmental Funds	Water Enterprise Fund	Sewer Enterprise Fund	Internal Service Funds
School Lunch fund subsidy	\$ (691,847)	\$ -	\$ 691,847	\$ -	\$ -	\$ -
School Student Athletic Revolving fund subsidy	(877,781)	-	877,781	-	-	-
Traffic Mitigation Receipts Reserved: Washington/Comm Ave traffic improvements	64,620	-	(64,620)	-	-	-
Traffic Mitigation Washington/Comm Ave traffic improvements - Correct duplicate appropriation	(64,620)	-	64,620	-	-	-
Development Mitigation Receipts Reserved Normbega Park improvements	6,000	-	(6,000)	-	-	-
Traffic Mitigation Receipts Reserved Centre-Pelham St traffic signal improvements	25,000	-	(25,000)	-	-	-
Traffic Mitigation Receipts Reserved Lower Falls traffic improvements	150,000	-	(150,000)	-	-	-
Fire federal grant matching funds	(14,094)	-	14,094	-	-	-
Fire station #4 landscaping	(14,600)	-	14,600	-	-	-
FA Day energy conservation debt service reimbursement (CSF)	(120,976)	-	120,976	-	-	-
Close out various General Fund special appropriation balances to Capital Stabilization Fund	(12,961)	-	12,961	-	-	-
Capital Stabilization Fund funding of school debt service	954,176	-	(954,176)	-	-	-
Flint St Fuel Tank replacement	109,627	-	(109,627)	-	-	-
Bond sale costs	115,243	-	(115,243)	-	-	-
Parking Meter Receipts Reserved fund subsidy of traffic control	1,000,000	-	(1,000,000)	-	-	-
Parking Meter Receipts Reserved fund - Replacement parking meters	90,000	-	(90,000)	-	-	-
Parking Meter Receipts Reserved fund - Automated license plate recognition system	52,645	-	(52,645)	-	-	-
BAA Marathon Receipts Reserved fund - Playground improvements	55,000	-	(55,000)	-	-	-
Water Fund administration and support reimbursement	550,475	-	-	(550,475)	-	-
Water Fund administration reimbursement to Sewer Fund	-	-	-	(683,111)	683,111	-
Water Fund administration reimbursement to Sewer Fund	-	-	-	683,111	(683,111)	-
Sewer Fund administration and support reimbursement	825,712	-	-	-	(825,712)	-
Sale of Recyclable Materials Receipts Reserved fund - solid waste collection/disposal	470,000	-	(470,000)	-	-	-
Sale of Recyclable Materials Receipts Reserved fund - composting equipment	325,000	-	(325,000)	-	-	-
CATV Receipts Reserved fund - Planning/legal/IT staff	100,000	-	(100,000)	-	-	-
CATV Receipts Reserved fund - North High School CATV Studio	617,996	-	(617,996)	-	-	-
Fire Violation Code Receipts Reserved fund - violation book printing	473	-	(473)	-	-	-
Inclusionary Zoning Receipts Reserved - Warren House grant	24,300	-	(24,300)	-	-	-
NCGF Mayor's Golf Day Receipts Reserved fund - Camp scholarships	-	-	(15,000)	-	-	-
NCGF Mayor's Golf Day Receipts Reserved fund - Camp scholarships	-	-	15,000	-	-	-
CPA Fund engineering and legal support services	1,521	(1,521)	-	-	-	-
School E-Rate Receipts Reserved - School technology	201,497	-	(201,497)	-	-	-
Insurance Recovery Receipts Reserved - Highlands War Memorial repairs	25,532	-	(25,532)	-	-	-
Insurance Recovery Revolving - Close out excess reimbursement	329	-	(329)	-	-	-
Municipal Building Insurance Fund - FY 2010 property insurance premiums	277,582	-	-	-	-	(277,582)
Close MEMA storm reimbursement to reimburse General Fund	2,928	-	(2,928)	-	-	-
Close out completed State Stormwater grant to Stormwater Management Fund	-	-	(220)	-	-	-
Close out completed State Stormwater grant to Stormwater Management Fund	-	-	220	-	-	-
Transfer 6/30/2009 school gift balances to new School Gift Fund	-	-	(676,579)	-	-	-
Transfer 6/30/2009 school gift balances to new School Gift Fund	-	-	676,579	-	-	-
Peirec School Generator Fund from CSF	-	-	98,914	-	-	-
Peirec School Generator Fund from CSF	-	-	(98,914)	-	-	-
Close completed Brown window project balance to CSF	-	-	(54,003)	-	-	-
Close completed Brown window project balance to CSF	-	-	54,003	-	-	-
Close out FA Day Energy Conservation utility rebates to CSF	-	-	(120,770)	-	-	-
Close out FA Day Energy Conservation utility rebates to CSF	-	-	120,770	-	-	-
Close out City Hall Boiler replacement project balance to CSF	-	-	(243)	-	-	-
Close out City Hall Boiler replacement project balance to CSF	-	-	243	-	-	-
Close out Fire Alarm project balance to CSF	-	-	(29,282)	-	-	-
Close out Fire Alarm project balance to CSF	-	-	29,282	-	-	-
Close out Fire Station Improvement project balance to CSF	-	-	(4,471)	-	-	-
Close out Fire Station Improvement project balance to CSF	-	-	4,471	-	-	-
Close out Street lighting replacement project balance to CSF	-	-	(15,175)	-	-	-
Close out Street lighting replacement project balance to CSF	-	-	15,175	-	-	-
Close out Street improvement project balance to CSF	-	-	2,958	-	-	-
Close out Street improvement project balance to CSF	-	-	(2,958)	-	-	-
Transfers from other funds	\$ 6,045,656	\$ -	\$ 2,814,494	\$ -	\$ 683,111	\$ -
Transfers to other funds	\$ (1,796,879)	\$ (1,521)	\$ (5,407,981)	\$ (1,233,586)	\$ (825,712)	\$ (277,582)

**Note 7 - Short-Term Debt**

Short term debt may be authorized and issued to fund current operating costs prior to the collection of revenues through the issuance of revenue (RAN's) or tax anticipation notes (TAN's), or to finance capital project expenditures prior to the issuance of permanent long-term debt, through the issuance of bond (BAN's) or grant anticipation notes (GAN's).

The City has no short term debt outstanding at June 30, 2010, and did not issue or retire any short term debt during the fiscal year.

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2010

**Note 8 - Long-Term Debt**

Massachusetts General Laws Chapter 44, Section 10 authorizes indebtedness of up to a limit of 2 ½% of the equalized valuation of the City. Debt issued in accordance with this section of the law is designated as being “inside the debt limit.” Debt may also be issued for additional purposes, “outside the debt limit.” The City’s long term debt at June 30, 2010 along with future year debt service requirements is as follows:

**Bonds Payable – Governmental Funds**

	Date of Issue	Interest Rate (%)	Outstanding July 1, 2009	Issued	Redeemed	Outstanding June 30, 2010
MWPAT landfill closure.....	02/15/1998	4.60	\$ 1,440,800	\$ -	\$ (133,500)	\$ 1,307,300
School renovations.....	07/15/2000	4.40-4.85	850,000	-	(425,000)	425,000
School renovations.....	08/15/2001	3.65	1,410,000	-	(500,000)	910,000
School renovations.....	08/15/2003	3.06	2,850,000	-	(570,000)	2,280,000
Land acquisition (CPA).....	12/15/2003	2.0-3.4	2,500,000	-	(500,000)	2,000,000
School renovations.....	02/15/2005	3.0-4.0	8,000,000	-	(500,000)	7,500,000
Land acquisition (CPA).....	02/15/2005	3.0-3.75	300,000	-	(300,000)	-
School renovations.....	02/15/2006	3.0-4.3	9,730,000	-	(620,000)	9,110,000
Road improvements.....	02/15/2006	3.0-4.3	360,000	-	(55,000)	305,000
Public works equipment.....	02/15/2006	3.0-4.3	675,000	-	(65,000)	610,000
Fire equipment.....	02/15/2006	3.0-4.3	670,000	-	(60,000)	610,000
School renovations.....	02/01/2007	4.0-5.0	7,825,000	-	(485,000)	7,340,000
Fire station improvements.....	02/01/2007	4.0-5.0	290,000	-	(25,000)	265,000
Public works equipment.....	02/01/2007	4.0-5.0	630,000	-	(60,000)	570,000
Street light improvements.....	02/01/2007	4.0-5.0	230,000	-	(230,000)	-
Land acquisition (CPA).....	11/01/2007	3.98	2,040,000	-	(255,000)	1,785,000
Fire station improvements.....	11/01/2007	3.98	490,000	-	(40,000)	450,000
School renovations.....	11/01/2007	3.98	195,000	-	(15,000)	180,000
School new construction.....	11/01/2007	3.98	18,040,000	-	(965,000)	17,075,000
School new construction.....	06/15/2008	4.37	23,080,000	-	(435,000)	22,645,000
School renovations.....	06/15/2008	3.80	2,090,000	-	(110,000)	1,980,000
Fire equipment.....	06/15/2008	3.80	420,000	-	(30,000)	390,000
Public works equipment.....	06/15/2008	3.80	560,000	-	(40,000)	520,000
School new construction.....	04/01/2009	2.0-5.0	75,000,000	-	(1,360,000)	73,640,000
School renovations.....	04/01/2009	2.0-5.0	2,031,000	-	(106,000)	1,925,000
School renovations.....	04/01/2009	2.0-5.0	230,650	-	(20,650)	210,000
School renovations.....	04/01/2009	2.0-5.0	778,350	-	(43,350)	735,000
South high school athletic fields.....	04/01/2009	2.0-5.0	3,218,000	-	(218,000)	3,000,000
Fire station renovations.....	04/01/2009	2.0-5.0	2,488,000	-	(173,000)	2,315,000
Fire station design.....	04/01/2009	2.0-5.0	344,000	-	(69,000)	275,000
City hall boiler replacement.....	04/01/2009	2.0-5.0	225,000	-	(15,000)	210,000
Bencliffe circle construction.....	04/01/2009	2.0-5.0	185,000	-	(20,000)	165,000
Fire equipment.....	04/01/2009	2.0-5.0	800,000	-	(55,000)	745,000
Parks equipment.....	04/01/2009	2.0-5.0	110,000	-	(10,000)	100,000
DPW equipment.....	04/01/2009	2.0-5.0	600,000	-	(40,000)	560,000
School new construction.....	05/01/2010	3.0-4.0	-	11,650,000	-	11,650,000
Fire station renovations.....	05/01/2010	2.0-4.0	-	4,538,000	-	4,538,000
Underground fuel tanks.....	05/01/2010	2.0-4.0	-	453,000	-	453,000
Modular classrooms.....	05/01/2010	2.0-4.0	-	1,400,000	-	1,400,000
School renovations.....	05/01/2010	2.0-4.0	-	1,427,000	-	1,427,000
Energy conservation.....	05/01/2010	2.0-4.0	-	3,670,000	-	3,670,000
Fire equipment.....	05/01/2010	2.0-4.0	-	500,000	-	500,000
Public works equipment.....	05/01/2010	2.0-4.0	-	1,910,000	-	1,910,000
Total.....			\$ 170,685,800	\$ 25,548,000	\$ (8,548,500)	\$ 187,685,300

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2010

During fiscal year 2010 the City issued \$25,548,000 in new general obligation bonds; \$11,650,000 for school construction; \$4,538,000 for fire station improvements; \$3,670,000 for energy conservation; \$1,910,000 for public works equipment; \$1,427,000 for school improvements; \$1,400,000 for modular classrooms; \$500,000 for fire equipment; and \$453,000 for underground fuel tanks.

During 1998, the City entered into a twenty-year loan agreement with the Massachusetts Water Pollution Abatement Trust (MWPAT) to provide \$2,675,000 in funding for the closure of the City's remaining sanitary landfill. The loan agreement provides for both principal and interest subsidies over the term of the loan. At June 30, 2010, a balance of \$1,307,300 was outstanding on this loan. A principal subsidy of \$37,554 and an interest subsidy of \$39,944 have been recorded in the general fund.

Debt service requirements for principal and interest for Governmental bonds payable for future years is as follows:

Fiscal Year	Principal	Interest	Total
Ending			
2011	\$ 9,460,500	\$ 7,504,590	\$ 16,965,090
2012	8,926,700	7,341,954	16,268,654
2013	8,460,500	7,132,565	15,593,065
2014	8,542,200	6,763,464	15,305,664
2015	7,461,700	6,474,613	13,936,313
2016	7,511,300	6,208,151	13,719,451
2017	7,526,000	5,953,353	13,479,353
2018	7,340,800	5,677,028	13,017,828
2019	7,410,600	5,376,233	12,786,833
2020	7,310,000	5,070,163	12,380,163
2021	7,040,000	4,761,315	11,801,315
2022	6,945,000	4,461,813	11,406,813
2023	6,985,000	4,184,138	11,169,138
2024	7,055,000	3,904,113	10,959,113
2025	6,720,000	3,620,663	10,340,663
2026	5,815,000	3,344,682	9,159,682
2027	5,370,000	3,106,570	8,476,570
2028	5,270,000	2,881,395	8,151,395
2029	4,505,000	2,676,370	7,181,370
2030	4,535,000	2,481,507	7,016,507
2031	4,470,000	2,280,169	6,750,169
2032	4,675,000	2,080,463	6,755,463
2033	4,885,000	1,855,357	6,740,357
2034	5,115,000	1,620,000	6,735,000
2035	5,355,000	1,373,419	6,728,419
2036	5,610,000	1,115,138	6,725,138
2037	5,875,000	843,925	6,718,925
2038	6,155,000	559,788	6,714,788
2039	4,970,000	261,975	5,231,975
2040	385,000	16,364	401,364
Total	\$ 187,685,300	\$ 110,931,278	\$ 298,616,578

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2010

**Bonds Payable – Water Enterprise Fund**

	Date of Issue	Interest Rate (%)	Outstanding July 1, 2009	Issued	Redeemed	Outstanding June 30, 2010
MWRA Water .....	09/28/2000	0.00	\$ 214,964	\$ -	\$ (107,481)	\$ 107,483
MWRA Water .....	02/15/2001	0.00	302,240	-	(151,120)	151,120
MWRA Water .....	02/15/2002	0.00	775,806	-	(258,602)	517,204
MWRA Water .....	08/15/2002	0.00	1,034,407	-	(258,602)	775,805
MWRA Water .....	02/26/2004	0.00	1,293,009	-	(258,601)	1,034,408
MWRA Water .....	11/18/2004	0.00	1,551,611	-	(258,601)	1,293,010
MWRA Water .....	05/18/2006	0.00	1,810,213	-	(258,602)	1,551,611
MWRA Water .....	05/31/2007	0.00	2,068,815	-	(258,602)	1,810,213
Water meter replacement .....	04/01/2009	2.0-5.0	6,000,000	-	(600,000)	5,400,000
MWRA Water .....	05/21/2009	0.00	3,600,000	-	(360,000)	3,240,000
MWRA Water .....	05/20/2010	0.00	-	2,224,400	-	2,224,400
Total .....			\$ 18,651,065	\$ 2,224,400	\$ (2,770,211)	\$ 18,105,254

The Massachusetts Water Resources Authority (MWRA) offers water system rehabilitation and sanitary sewer infiltration and inflow reduction financial assistance programs to member communities in order to assist with the on-going maintenance of water and sewer system infrastructure. During the fiscal year ended June 30, 2010, the City was the recipient of a \$2,224,400 ten-year interest free water system rehabilitation loan.

At June 30, 2010, the City had \$12,705,254 in MWRA water rehabilitation loans outstanding. Interest subsidies on these loans for the year ended June 30, 2010 totaled \$347,502.

Debt service requirements for future year principal and interest for water enterprise fund debt is as follows:

Fiscal Year Ending	Principal	Interest	Total
2011	\$ 2,992,656	\$ 144,000	\$ 3,136,656
2012	2,734,052	132,000	2,866,052
2013	2,475,450	120,000	2,595,450
2014	2,216,847	108,000	2,324,847
2015	1,958,246	93,000	2,051,246
2016	1,699,643	76,500	1,776,143
2017	1,441,040	58,500	1,499,540
2018	1,182,440	40,500	1,222,940
2019	1,182,440	21,000	1,203,440
2020	222,440	-	222,440
Total	\$ 18,105,254	\$ 793,500	\$ 18,898,754

**CITY OF NEWTON, MASSACHUSETTS**  
Notes to the Basic Financial Statements  
Fiscal Year Ended June 30, 2010

**Bonds Payable – Sewer Enterprise Fund**

	Date of Issue	Interest Rate (%)	Outstanding July 1, 2009	Issued	Redeemed	Outstanding June 30, 2010
MWRA Sewer.....	02/16/2006	0.00	\$ 21,010	\$ -	\$ (10,505)	\$ 10,505
MWPAT Sewer.....	10/06/1999	5.16	4,001,766	-	(311,766)	3,690,000
MWPAT Sewer.....	11/10/2000	5.20	5,113,401	-	(362,070)	4,751,331
MWPAT Sewer.....	07/03/2002	0.00	91,565	-	(5,130)	86,435
MWRA Sewer.....	02/15/2007	0.00	182,820	-	(60,940)	121,880
MWRA Sewer.....	06/14/2007	0.00	678,480	-	(226,160)	452,320
MWRA Sewer.....	08/23/2007	0.00	42,240	-	(10,560)	31,680
MWRA Sewer.....	11/29/2007	0.00	122,892	-	(30,723)	92,169
MWRA Sewer.....	09/09/2008	0.00	560,120	-	(112,024)	448,096
MWRA Sewer.....	02/19/2009	0.00	794,475	-	(158,895)	635,580
MWRA Sewer.....	03/01/2010	0.00	-	236,500	-	236,500
Sewer system improvements.....	05/01/2010	2.0-4.0	-	500,000	-	500,000
Total .....			<u>\$ 11,608,769</u>	<u>\$ 736,500</u>	<u>\$ (1,288,773)</u>	<u>\$ 11,056,496</u>

The MWRA's sanitary sewer infiltration/inflow reduction financial assistance program provides financial assistance for eligible projects in the form of a combination of grants and five-year interest-free loans. During the fiscal year ended June 30, 2010, the City was the recipient of a \$236,500 five-year interest free sewer infiltration/inflow loans. At June 30, 2010, the City had \$2,028,730 in MWRA sewer infiltration/inflow reduction loans outstanding.

During the fiscal year ended June 30, 2010, the City also issued \$500,000 of general obligation debt for sewer system improvements.

The City has also entered into (3) ten-year subsidized loan agreements with the MWPAT for additional sanitary sewer system infiltration and inflow reduction projects. At June 30, 2010 the City had \$8,527,766 in loans outstanding under this project. Interest and principal subsidies on these loans for the year ended June 30, 2010 were \$385,446 and \$199,066, respectively.

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2010

Debt service requirements for future year principal and interest for sewer enterprise fund debt is as follows:

Fiscal Year Ending	Principal	Interest	Total
2011	\$ 1,378,739	\$ 432,336	\$ 1,811,075
2012	1,383,079	407,909	1,790,988
2013	1,121,159	360,059	1,481,218
2014	1,104,219	334,529	1,438,748
2015	853,300	285,411	1,138,711
2016	831,000	241,137	1,072,137
2017	856,000	196,493	1,052,493
2018	891,000	147,991	1,038,991
2019	921,000	104,573	1,025,573
2020	941,000	61,093	1,002,093
2021	531,000	24,033	555,033
2022	35,000	9,750	44,750
2023	35,000	8,250	43,250
2024	25,000	7,000	32,000
2025	25,000	6,000	31,000
2026	25,000	5,000	30,000
2027	25,000	4,000	29,000
2028	25,000	3,000	28,000
2029	25,000	2,000	27,000
2030	25,000	1,000	26,000
<b>Total</b>	<b>\$ 11,056,496</b>	<b>\$ 2,641,564</b>	<b>\$ 13,698,060</b>

Water and sewer debt is expected to be funded from water and sewer enterprise fund revenue.

At June 30, 2010 the City had a total of \$29,885,777 in authorized and unissued debt, which is summarized as follows:

	Authorized and Unissued Debt			End of Year
	Beginning of Year	Increases	Decreases	
High school improvements.....	\$ 28,979,692	\$ -	\$ (11,650,000)	\$ 17,329,692
Elementary school improvements.....	225,000	1,000,000	(1,225,000)	-
Modular classrooms.....	-	1,400,000	(1,400,000)	-
Education center emergency generator.....	-	202,000	(202,000)	-
Energy conservation audits.....	82,000	3,755,400	(3,670,000)	167,400
Fire station improvements.....	-	4,538,000	(4,538,000)	-
Public works equipment.....	2,560,000.00	623,000	(2,363,000)	820,000
Fire equipment.....	-	500,000	(500,000)	-
Sewer system improvements.....	-	1,509,800	(500,000)	1,009,800
Sewer I&I removal.....	338,655	-	(236,500)	102,155
Sewer I&I removal-MWPAT.....	2,995,073	-	-	2,995,073
Water main rehabilitation.....	4,158,057	-	(2,224,400)	1,933,657
Water meter replacement.....	5,528,000	-	-	5,528,000
<b>Total.....</b>	<b>\$ 44,866,477</b>	<b>\$ 13,528,200</b>	<b>\$ (28,508,900)</b>	<b>\$ 29,885,777</b>

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2010

During the fiscal year ended June 30, 2010, the following changes occurred in long-term liabilities:

	Balance June 30, 2009	Increases	Decreases	Balance June 30, 2010	Current Portion
<b>Governmental Activities:</b>					
Bonds and notes payable.....	\$ 170,685,800	\$ 25,548,000	\$ (8,548,500)	\$ 187,685,300	\$ 9,460,500
Landfill closure and other environmental....	770,000	245,000	(105,000)	910,000	105,000
Workers compensation.....	6,679,405	5,456	-	6,684,861	1,011,345
Claims and judgments.....	190,000	-	(150,000)	40,000	40,000
Compensated absences.....	8,373,557	-	(191,709)	8,181,848	2,801,329
Net OPEB obligation.....	53,523,551	42,670,558	(14,658,839)	81,535,270	-
<b>Total.....</b>	<b>\$ 240,222,313</b>	<b>\$ 68,469,014</b>	<b>\$ (23,654,048)</b>	<b>\$ 285,037,279</b>	<b>\$ 13,418,174</b>
<b>Business-type Activities:</b>					
Bonds and notes payable.....	\$ 30,259,834	\$ 2,960,900	\$ (4,058,984)	\$ 29,161,750	\$ 4,371,395
Compensated absences.....	293,387	10,498	-	303,885	30,389
Net OPEB obligation.....	1,343,884	714,279	(120,580)	1,937,583	-
<b>Total.....</b>	<b>\$ 31,897,105</b>	<b>\$ 3,685,677</b>	<b>\$ (4,179,564)</b>	<b>\$ 31,403,218</b>	<b>\$ 4,401,784</b>

Internal service funds predominantly serve the governmental funds. Accordingly, the internal service fund's long-term liabilities are included as part of the governmental activities totals above. At fiscal year end, \$6,684,861 of the internal service funds accrued liabilities (workers' compensation claims) is included above.

The outstanding long-term debt related to land acquisition (Kessler Woods, Angino Farm and Rogers Street) will be funded from the community preservation fund (major fund).

Except for the amounts related to the internal service funds and community preservation fund, the governmental activities long term liabilities are generally liquidated by the general fund.

**Note 9 – Risk Financing**

The City is exposed to various risks of loss related to general liability, property and casualty, workers' compensation, unemployment, and employee health insurance claims. The City is self-insured for general liability risks, however, Chapter 258 of the Massachusetts General Laws limits the liability to a maximum of \$100,000 per claim in all matters except actions relating to federal civil rights, eminent domain, and breach of contract. The City is also self-insured for workers' compensation and unemployment claims.

The City has medical plans with Tufts and Harvard-Pilgrim, under which it makes actual claims payments. The medical plan providers act as claims processors and a transfer of risk does not occur. City employees and retirees contribute 20% of the cost of health care and the remainder is paid by the City. The City purchased stop loss insurance for individual claims in excess of \$250,000 per year, which are incurred during the fiscal year and paid within eighteen months after June 30.

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2010

At June 30, 2010, the City's health claims liability totaled \$3,912,427 and is based on approximately one month claims paid average. Changes in the reported liability since July 1, 2008 are as follows:

		Balance at Beginning of Fiscal Year		Current Year Claims and Changes in Estimate		Claims Payments		Balance at Fiscal Year-end
Fiscal year 2009.....	\$	4,164,081	\$	46,773,806	\$	(46,525,641)	\$	4,412,246
Fiscal year 2010.....		4,412,246		46,320,935		(46,820,754)		3,912,427

Workers' compensation claims are administered by the City's Personnel Department. The City contracts for an annual actuarial valuation of the program, and based on this study, has recorded a liability of \$6,684,861 at June 30, 2010, of which \$1,011,345 has been recorded as a current liability based upon the City's expectation that this amount will be paid within the fiscal year ending June 30, 2011. The liability includes an estimate of the IBNR claims.

The June 30, 2010 plan valuation is based upon the use of a combination of the paid loss development method and the Bornhuetter-Ferguson Paid Loss method. US Life Tables 2001 Vital Statistics for Males and Females have been used to determine annuity values for long term claims, using a 5.0% annual rate of interest.

Changes in the reported liability since July 1, 2008 are as follows:

		Balance at Beginning of Fiscal Year		Current Year Claims and Changes in Estimate		Claims Payments		Balance at Fiscal Year-end
Fiscal year 2009.....	\$	6,288,641	\$	2,112,495	\$	(1,721,731)	\$	6,679,405
Fiscal year 2010.....		6,679,405		1,758,272		(1,752,816)		6,684,861

**Note 10 – Pension Plan**

**A – Plan Description and Membership**

The City contributes to the System, a cost-sharing multiple-employer defined benefit pension plan administered by the Newton Contributory Retirement Board (NCRB). Substantially all employees of the City are members of the System, except for public school teachers and certain school administrative personnel who are members of the MTRS.

The System provides retirement, disability and death benefits to plan members and beneficiaries, pursuant to Massachusetts General Law Chapter 32, up to a maximum of 80% of the average of a member's three highest consecutive years' regular compensation. In addition to regular compensation, benefits are based upon a member's age, length of creditable service and group classification. Members become vested after ten years of creditable service. A normal retirement allowance may be received after the completion of 20 years of service or upon reaching age 55, with 10 years of service. Normal retirement for most employees occurs at age 65, except for certain hazardous duty and public safety employees who attain normal retirement at age 55. Benefits and member contribution rates are determined by Chapter 32 of the Massachusetts General Laws.

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2010

A retirement allowance consists of two parts, an annuity and a pension. A member's accumulated total retirement deductions, plus interest, constitutes the annuity. The difference between the total retirement benefit and the annuity is the pension.

At December 31, 2009, the System's membership consisted of the following:

Active members.....	1,771
Inactive members.....	531
Disabled members.....	150
Retirees and beneficiaries currently receiving benefits	<u>1,175</u>
Total.....	<u><u>3,627</u></u>

**B – Basis of Accounting**

The System's financial statements are prepared using the full accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable.

Investments of the System are stated at fair value.

**C - Funding Policy**

In 1984 the City began funding the System on an actuarial reserve basis. This funding includes both current year service and the amortization of past service liability. It is the policy of the NCRB to contract for an annual actuarial valuation of the System to determine whether the contributions are sufficient to meet accruing liabilities and to demonstrate what adjustments, if any, are necessary on the basis of actual experience. Active member contribution rates are based upon date of hire: Prior to January 1, 1975 - 5% of regular compensation; January 1, 1975-December 31, 1984 - 7% of regular compensation; January 1, 1985-June 30, 1996 - 8% of regular compensation and July 1, 1996 to date - 9% of regular compensation.

Members hired on or after January 1, 1979 contribute an additional 2% of annual regular compensation in excess of \$30,000. Cost of living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth during this time period are funded by annual contributions from the Commonwealth. Cost of living adjustments granted after 1997 must be approved annually by the NCRB and the costs are borne entirely by the System. These adjustments may not exceed 3% on the first \$12,000 in benefits.

**D – Investment Policy**

The NCRB is responsible for the adoption of a formal asset allocation policy, the selection of professional investment managers to execute the investment policies, and the appointment of an investment consultant to assist with the evaluation of investment manager performance. All investment activities of the NCRB are subject to oversight by the Commonwealth of Massachusetts' Public Employee Retirement Administration Commission (PERAC).

Effective July 1, 2007, the Newton Contributory Retirement Board transferred investment management responsibility for all assets, except those currently invested in real estate limited partnerships, with early withdrawal penalties, to the Commonwealth of Massachusetts' Pension Reserve Investment Trust.

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2010

**E – Annual Pension Cost**

The City's contributions to the System for the fiscal years ended June 30, 2010, 2009, and 2008 were \$13,364,434; \$12,682,312; and \$11,594,554; respectively, and equaled the actuarially required contribution for each fiscal year. At June 30, 2010 the City did not have a net pension obligation. The required contribution was determined as part of the January 1, 2008 actuarial valuation using the individual entry age normal cost method. The actuarial assumptions included an 8% rate of return on investments (net of administrative expenses); an inflationary rate of 3% and projected salary increases of 3% for the current year; 4% for each of the following four years; and 4.75% (5.25% for Group 4) annually thereafter. The actuarial value of the System's assets was determined using the five-year smoothing of investment returns greater/(less) than expected. The valuation must be within 20% of market value. The System's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll.

**Funded Status and Funding Progress** - The funded status of the plan at January 1, 2009, the most recent actuarial valuation date, is as follows:

Dollar Amounts in Thousands						
Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Age (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
January 1, 2009	\$ 252,117	\$ 443,010	\$ 190,893	56.9%	\$ 82,014	232.8%

The schedules of funding progress, presented as required supplementary information (RSI) following notes to the financial statements, present multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AAL for benefits.

The significant methods and assumptions as of the latest actuarial valuation are as follows:

Valuation date:	January 1, 2009
Actuarial cost method:	Entry age normal
Amortization method:	Increasing payments 4.5% per year
Remaining amortization period:	20 years
Asset valuation method:	Market value
Investment rate of return:	8.0%
Projected salary increases:	4% per year from 2009 to 2012; starting in 2013 the annual increases will be 4.75% and 5.25% for groups 1 and 4, respectively
Cost of living adjustments:	3.0%

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2010

**Legally Required Reserve Accounts** – The balance in the System’s legally required reserves as of December 31, 2009 are as follows:

Description	Amount	Purpose
Annuity Savings Fund.....	\$ 74,328,046	Active members' contribution balance
Annuity Reserve Fund....	28,158,083	Retired members' contribution account
Military Service Fund.....	59,645	Military leave of absence contribution balance
Pension Fund.....	<u>120,040,468</u>	Remaining net assets
Total.....	<u>\$ 222,586,242</u>	

**F - Non Contributory Retirement Allowances**

City employees with World War II military veteran status, at least 30 years of service to the City, and who began work prior to July 1, 1939, are entitled to a non-contributory pension benefit equal to 72% of their highest annual rate of regular compensation. Retirement benefits for these individuals are funded on a pay-as-you-go basis by the City, and there is no estimate of the actuarial liability for these benefits because the City deems the amount to be immaterial to the financial statements. Expenditures for non-contributory retirement benefits for the fiscal years ended June 30, 2010, 2009, and 2008 were \$369,779, \$421,905 and \$488,058, respectively. Non contributory retirees are eligible for an annual cost of living adjustment of not more than 3% on the first \$12,000 of their annual retirement benefit.

**Note 11 – Massachusetts Teachers Retirement System**

Public school teachers and certain administrators are members of the Massachusetts Teachers Retirement System, to which the City does not contribute. Pension benefits and administrative expenses paid by the Teachers Retirement Board are the legal responsibility of the Commonwealth. The amount of these on-behalf payments totaled approximately \$28,008,000 for the fiscal year ended June 30, 2010, and, accordingly, are reported in the general fund as intergovernmental revenues and pension expenditures.

**Note 12 – Other Post Employment Benefits**

*Plan Description* – The City provides health and life insurance coverage for its retirees and their survivors (hereinafter referred to as the “Plan”) as a single-employer defined benefit Other Post Employment Benefit (OPEB) plan. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions. Changes to plan design and contribution rates must be accomplished through the collective bargaining process. The Plan does not issue a stand alone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

The number of participants as of June 30, 2010, the latest actuarial valuation, is as follows:

Active employees.....	2,499
Retired employees and beneficiaries.....	<u>2,566</u>
Total.....	<u>5,065</u>

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2010

*Funding Policy* - The contribution requirements of Plan members and the City are established and may be amended by the City. The required health insurance contribution rates of Plan members and the City are 20% and 80%, respectively. In addition, the City reimburses 80% of the Medicare Part B premiums paid by retirees. The Plan members and City each contribute 50% towards a \$5,000 term life insurance premium. The City currently contributes enough money to the Plan to satisfy current obligations on a pay-as-you-go basis. The costs of administering the Plan are paid by the City.

*Annual OPEB Cost and Net OPEB Obligation* - The City's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an actuarially determined amount that is calculated in accordance with the parameters set forth in GASB Statement #45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the actual amount contributed to the plan, and changes in the City net OPEB obligation:

	Amount (in thousands)	
Annual required contribution.....	\$	44,845
Interest on net OPEB obligation.....		1,120
Adjustment to annual required contribution.....		<u>(2,581)</u>
Annual OPEB cost.....		43,384
Contributions made.....		<u>(14,779)</u>
Increase in net OPEB obligation.....		28,605
Net OPEB obligation at beginning of year.....		<u>54,868</u>
Net OPEB obligation at end of year.....	\$	<u><u>83,473</u></u>

Trend information regarding annual pension cost, the percentage of the annual pension cost contributed and the net pension obligation is as follows:

Fiscal Year Ending	Dollar Amounts in Thousands		
	Annual OPEB Cost (AOPEBC)	Percentage of AOPEBC Contributed	Net OPEB Obligation
June 30, 2008*.....	\$ 35,440	37.9%	\$ 22,010
June 30, 2009.....	46,999	30.1%	54,868
June 30, 2010.....	43,384	31.4%	83,473

\* Transition year

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2010

*Funded Status and Funding Progress* – The funded status of the Plan at June 30, 2010, the most recent actuarial valuation, was as follows:

Dollar Amounts in Thousands						
Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Liability (AAL) Projected Unit Credit (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
06/30/10	\$ -	\$ 531,675	\$ 531,675	-	\$ 175,729	303%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*Methods and Assumptions* - Projections of benefits for financial reporting purposes are based on the substantive Plan (the Plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and Plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The significant methods and assumptions as of the latest actuarial valuation are as follows:

Valuation date:	June 30, 2010
Actuarial cost method:	Projected Unit Credit
Amortization method:	Level dollar
Remaining amortization period:	28 years
Interest discount rate:	2.00%
Healthcare/Medical cost trend rate:	3.7% for 2010; 4.9% for 2011; 6.0% for 2012; 7.2% for 2013 and 2014; 7.1% starting in 2015 and then decreasing by 1% to an ultimate level of 5.2% per year

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2010

*Allocation of AOPEBC* – AOPEBC costs were allocated to the City’s functions as follows:

**Governmental Activities:**

Legislative & Executive.....	\$	412,915
Elections.....		107,311
Financial administration.....		611,884
Administrative support.....		563,572
Planning & development.....		277,480
Public building maintenance & operation.....		490,183
Police.....		3,957,337
Fire.....		3,803,746
Inspectional services.....		225,577
Other public safety.....		7,109
Education.....		27,038,097
Streets & sidewalks.....		1,379,624
Collection & disposal of solid waste.....		85,992
Equipment maintenance.....		382,820
Engineering.....		276,899
Administration & support.....		330,720
Public health.....		628,433
Senior services.....		85,233
Veteran services.....		46,713
Libraries.....		1,069,423
Parks & recreation.....		658,539
Newton history museum.....		44,789
		<u>42,484,396</u>
Total AOPEBC - governmental activities.....	\$	<u>42,484,396</u>
 <b>Business-Type Activities:</b>		
Water.....	\$	443,077
Sewer.....		<u>457,366</u>
Total AOPEBC - business-type activities.....	\$	<u>900,443</u>
Total AOPEBC.....	\$	<u>43,384,839</u>

## CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2010

### Note 13 – Landfill Closure and Post-closure Care Costs

State and federal laws and regulations mandated that the City close its old landfill site when it ceases accepting waste and to perform certain maintenance and monitoring activities at the site after closure. On June 28, 1996 the City signed a consent agreement with the Commonwealth of Massachusetts Department of Environmental Protection that established a schedule for closure of the Rumford Avenue landfill. This landfill ceased operations in 1976 and was capped during 1998, which was in compliance with the consent agreement. The City has recorded a liability of \$630,000 at June 30, 2010 for future year landfill site monitoring and maintenance. Estimated costs per year total \$35,000. The current estimate is based upon current costs and may require modification in future years due to price inflation, changes in technology or changes in state/federal law and regulations.

### Note 14 – Commitments and Contingencies

With the exception of certain site/landscaping work and the demolition of the old North High School building, construction of the new North High School was substantially complete as of June 30, 2010.

Additionally, the City has entered into a \$3,200,000 contract for the renovation of Fire Station #7, and a \$3,100,000 contract for various energy conservation improvements to public buildings.

The City participates in a number of state and federal award programs. Although the federal grant programs have been audited in accordance with the provisions of the Single Audit Act Amendments of 1996 through June 30, 2010, these programs, as well as certain state grant programs, are still subject to separate financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although it is expected such amounts, if any, will be immaterial.

Various additional legal actions and claims are pending. Litigation is subject to many uncertainties and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any at June 30, 2010 cannot be ascertained, management believes any resulting liability should not materially affect the financial position of the City at June 30, 2010.

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2010

**Note 15 – Invested in Capital Assets, Net of Related Debt**

Invested in capital assets, net of related debt at June 30, 2010 is summarized as follows:

***Governmental Activities***

Capital assets, net of accumulated depreciation.....	\$	378,350,833
Less: total long-term debt outstanding.....		(187,685,300)
Add: long-term debt outstanding not related to asset acquisition.....		1,307,300
Add: grant receivable to fund capital debt.....		<u>2,328,858</u>
Invested in capital assets, net of related debt.....	\$	<u><u>194,301,691</u></u>

***Business-Type Activities***

	Water	Sewer	Total Enterprise Funds/ Business-Type Activities
Capital assets, net of accumulated depreciation.....	\$ 33,826,213	\$ 31,446,032	\$ 65,272,245
Less: total long-term debt outstanding.....	(18,105,254)	(11,056,496)	(29,161,750)
Add: grant receivable to fund capital debt.....	-	2,517,284	2,517,284
Invested in capital assets, net of related debt.....	\$ <u>15,720,959</u>	\$ <u>22,906,820</u>	\$ <u><u>38,627,779</u></u>

**Note 16 - Donor Restricted Endowments**

Permanent Fund and Private Purpose Trust Fund donors have placed restrictions on the expenditure of certain Permanent Fund and Private Purpose Trust Fund endowments. Local policy prohibits the expenditure of unrealized gains and, as a result, only realized gains and investment income on all such funds is available for expenditure. Furthermore, the expenditure of investment income is restricted by individual donor trust agreements.

Amounts available for expenditure related to Permanent Funds are reported as expendable permanent funds in the Statement of Net Assets and undesignated permanent funds in the Governmental Funds Balance Sheet. Amounts available for expenditure related to Private Purpose Trust Funds are reported as held in trust for other purposes in the Fiduciary Funds Statement of Fiduciary Net Assets.

**Note 17 – Prior Period Adjustment**

The beginning net assets of its component units has been restated from \$7,120,589 to \$5,769,711, due to the Newton Schools Foundation, Inc., no longer being presented as a discretely presented component unit in the City's basic financial statements.

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2010

**Note 18 – Implementation of GASB Pronouncements**

The City implemented the following GASB pronouncements during fiscal year 2010:

- Statement #51, *Accounting and Financial Reporting for Intangible Assets*. The implementation of this Statement had no impact on the financial statements.
- Statement #53, *Accounting and Financial Reporting for Derivative Instruments*. The implementation of this Statement had no impact on the financial statements.

**Note 19 – Future Implementation of GASB Pronouncements**

The GASB has issued the following statements:

- Statement #54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which is required to be implemented during fiscal year 2011. The City is currently evaluating the effect that this Statement will have on its basic financial statements.
- Statement #57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, which is required to be implemented during fiscal year 2012. This pronouncement will not impact the basic financial statements.
- Statement #59, *Financial Instruments Omnibus*, which is required to be implemented during fiscal year 2011. The City is currently evaluating the effect that this Statement will have on its basic financial statements.

These pronouncements will be implemented by the respective required years of implementation.



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## **Required Supplementary Information**

**CITY OF NEWTON, MASSACHUSETTS**

Required Supplementary Information

Fiscal Year Ended June 30, 2010

**PENSION PLAN SCHEDULES**

The following schedules provide information related to the System as a whole, for which the City is one participating employer:

**SCHEDULES OF FUNDING PROGRESS (SYSTEM)**

Dollar Amounts in Thousands

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Age (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
January 1, 2009	\$ 252,117	\$ 443,010	\$ 190,893	56.9%	\$ 82,014	232.8%
January 1, 2008	281,115	419,001	137,886	67.1%	79,206	174.1%
January 1, 2007	265,701	402,258	136,557	66.1%	74,197	184.0%
January 1, 2006	253,421	382,732	129,311	66.2%	71,278	181.4%
January 1, 2005	244,266	361,080	116,814	67.6%	69,702	167.6%
January 1, 2004	233,888	350,688	116,800	66.7%	68,327	170.9%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS (SYSTEM)**

Year Ended December 31	Annually Required Contributions (ARC)	Percentage of ARC Contributed (%)
2004	\$ 9,743,368	100
2005	10,273,356	100
2006	10,667,820	100
2007	11,747,762	100
2008	12,843,635	100
2009	13,547,778	100

**CITY OF NEWTON, MASSACHUSETTS**

Required Supplementary Information

Fiscal Year Ended June 30, 2010

The following schedule provides information related to the City's portion of the System's ARC:

**CITY SHARE OF SYSTEM ARC**

<u>Fiscal Year Ended</u>	<u>ARC</u>	<u>Percentage of ARC Contributed (%)</u>	<u>CITY ARC as a Percentage of System ARC (%)</u>
2005	\$ 9,653,986	100	99.1%
2006	10,176,916	100	99.1%
2007	10,552,659	100	98.9%
2008	11,594,554	100	98.7%
2009	12,682,312	100	98.7%
2010	13,364,434	100	98.6%

**OTHER POSTEMPLOYMENT BENEFITS SCHEDULE**

The following schedule provides information related to the City's other postemployment benefits plan:

**SCHEDULES OF FUNDING PROGRESS**

Dollar Amounts in Thousands

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (A)</u>	<u>Actuarial Accrued Liability (AAL) Projected Unit Credit (B)</u>	<u>Unfunded AAL (UAAL) (B-A)</u>	<u>Funded Ratio (A/B)</u>	<u>Covered Payroll (C)</u>	<u>UAAL as a Percentage of Covered Payroll ((B-A)/C)</u>
06/30/10	\$ -	\$ 531,675	\$ 531,675	-	\$ 175,729	303%
06/30/09	-	595,672	595,672	-	174,021	342%
06/30/08	-	432,960	432,960	-	201,970	214%

**Combining and Individual Fund  
Statements and Schedules**

# Nonmajor Governmental Funds

## *Special Revenue Funds*

### School Lunch Fund:

This fund is used to account for the operations of the Newton Public School Department's student lunch program. Revenues are generated from the sale of lunches, state and federal reimbursement grants, and investment income. A formal budget is not adopted for this fund; however, expenditures can not exceed revenues plus the beginning fund balance. Any difference between fund revenues and expenditures is financed with a transfer from the School Department's general fund operating budget. It is the policy of the Newton Public school department to subsidize all fund employee benefit costs.

### Revolving Fund

The Revolving Fund is used to account for a variety of municipal functions that are expected to be self-supporting, such as departmental private duty details. All revolving funds, except for damage recoveries of less than \$20,000; private duty details and assignments; wetlands protection and development review activities; and police asset forfeitures are authorized annually by vote of the Board of Aldermen under Massachusetts General Law Chapter 44, Section 53E ½. Fund expenditures are limited to the lesser of actual available resources or the annual spending limit authorized by the Board of Aldermen.

### Receipts Reserved Fund

This fund is used to account for a variety of local revenues whose use is either legally restricted by state law, or has been restricted by vote of the City's Board of Aldermen, for specific purposes and can only be spent with the prior appropriation of the Board of Aldermen. The fund is used to account for proceeds from the sale of surplus real estate, parking meter receipts, development mitigation funds, and revenues generated from cable television license agreements and the sale of recyclable materials. No expenditures can be made directly from the fund; rather, resources are appropriated and transferred to the City's general fund for expenditure.

### Federal ARRA Fund

This fund is used to account for American Recovery and Reinvestment Act (ARRA) grant funds.

### Community Development Block Grant Fund

This fund is used to account for activities undertaken with federal Community Development Block Grant funds. The Mayor and Board of Aldermen approve each year's grant budget. This is a reimbursement grant.

### Municipal Federal Grant Fund

This fund is used to account for a variety of categorical municipal federal grants. The Board of Aldermen approve annual grant budgets and grant budget obligations are generally limited to the lesser of actual available resources or the annual spending limit authorized by the Board.

### Municipal State Grant Fund

This fund is used to account for a variety of categorical municipal state grants. The Board of Aldermen approve annual grant budgets and grant budget obligations are limited to the lesser of actual available resources or the annual spending limit authorized by the Board.

### School State Grant Fund

This fund is used to account for all categorical public education state grants. The School Committee approves annual grant budgets and grant budgets are recorded upon receipt of approved grant agreements.

#### School Federal Grant Fund

This fund is used to account for all categorical public education federal grants. The School Committee approves annual grant budgets and grant budgets are recorded upon receipt of approved grant agreements.

#### Gift Fund

This fund is used to account for private gifts and donations that are unrelated to any other fund. Expenditures are limited to the lesser of actual available resources or the annual spending limit authorized by the Board of Aldermen and School Committee.

#### Stormwater Management Fund

This fund is used to account for operation and maintenance of the City's stormwater drainage activities. Effective July 1, 2006 the Mayor and Board of Aldermen voted to establish the Stormwater Management special revenue fund. These activities were previously accounted for within the Public Works department's General Fund appropriation. A flat rate stormwater management fee was imposed by ordinance effective July 1, 2006 and is intended to fund maintenance and operations. The City has no stormwater management debt at this time.

### ***Capital Projects Funds***

#### Public Building Improvements Fund

This fund is used to account for the acquisition, construction, reconstruction, and/or major renovation of buildings for which the City has not established a separate capital project fund. Financing is generally derived from the issuance of bonds or notes. Board of Aldermen appropriations are for the term of the project. The Public Building Commissioner is responsible for all projects accounted for in this fund.

#### Street Improvements Fund

This fund is used to account for the revenues and expenditures of the Commonwealth of Massachusetts Chapter 90 highway construction grant funds. Grant budgets are recorded based upon annual grant awards from the Commonwealth, Board of Aldermen authorization of annual spending authority, and approval of specific construction projects by the Massachusetts Highway Department. Chapter 90 highway construction grants are paid to the City on a reimbursement basis. The City finances grant expenditures internally until reimbursements are received from the Commonwealth. Grant revenue is recognized when approved expenditures are incurred and submitted to the Commonwealth for reimbursement.

#### Municipal Equipment Replacement Fund

This fund is used to account for the acquisition of public safety and public works motor equipment, financed with the issuance of debt.

#### Capital Stabilization Fund

The Capital Stabilization Fund is used to accumulate resources for future capital project financing. No expenditures are made directly from the fund. Funds are instead appropriated and transferred to another capital project fund or to the general fund for capital improvements and/or maintenance. Completed capital improvement and maintenance budget balances are closed out to this fund along with certain state and federal grants for capital purposes that have been funded originally with local resources. Separate fund balances are maintained within the fund for: future year high school renovation project financing; future year water and sewer project financing; future year general purpose capital project financing; and future year bonded capital project financing.

***Permanent Funds***

Municipal Fund

This fund is used to account for a variety of municipal purposes. A detailed report may be obtained from the comptroller's Office.

Library Common Fund

This fund is used to account for the purchase of library supplies and materials and the enhancement of public library services in Newton. The Newton Library Board of Trustees maintains custody of fund assets.

CITY OF NEWTON, MASSACHUSETTS  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET

JUNE 30, 2010

*Special Revenue Funds*

ASSETS	School Lunch	Revolving	Receipts Reserved	Federal ARRA Fund	Community Development Block Grant
Cash and cash equivalents .....	\$ 502,360	\$ 3,526,344	\$ 3,641,364	\$ -	\$ 250
Interest and dividends .....	-	-	-	-	-
Receivables, net of allowance for uncollectible amounts:					
Tax liens .....	-	-	-	-	-
Charges for services .....	-	637,849	-	-	-
Departmental and other .....	-	-	27,960	-	-
Intergovernmental .....	36,153	-	-	132,038	121,084
Other assets .....	-	-	-	-	-
Restricted assets:					
Cash and cash equivalents .....	-	-	-	173,081	-
Investments .....	-	-	-	-	-
<b>TOTAL ASSETS</b> .....	<b>\$ 538,513</b>	<b>\$ 4,164,193</b>	<b>\$ 3,669,324</b>	<b>\$ 305,119</b>	<b>\$ 121,334</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES:</b>					
Warrants payable .....	\$ 1,297	\$ 96,158	\$ -	\$ 62,828	\$ -
Accrued liabilities .....	1,101	71,640	-	2,919	8,819
Accrued payroll .....	288,774	312,466	-	145,774	16,912
Other liabilities .....	96,809	386,716	-	-	-
Deferred revenue .....	-	222,925	27,960	74,853	-
Due to other funds .....	-	-	-	-	75,590
<b>TOTAL LIABILITIES</b> .....	<b>387,981</b>	<b>1,089,905</b>	<b>27,960</b>	<b>286,374</b>	<b>101,321</b>
<b>FUND BALANCES:</b>					
Reserved for:					
Capital stabilization .....	-	-	-	-	-
Perpetual permanent funds .....	-	-	-	-	-
Other specific purposes .....	-	-	-	-	20,013
Unreserved:					
Undesignated, reported in:					
Special revenue funds .....	150,532	3,074,288	3,641,364	18,745	-
Capital projects funds .....	-	-	-	-	-
Permanent funds .....	-	-	-	-	-
<b>TOTAL FUND BALANCES</b> .....	<b>150,532</b>	<b>3,074,288</b>	<b>3,641,364</b>	<b>18,745</b>	<b>20,013</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b> .....	<b>\$ 538,513</b>	<b>\$ 4,164,193</b>	<b>\$ 3,669,324</b>	<b>\$ 305,119</b>	<b>\$ 121,334</b>

*Special Revenue Funds*

Municipal Federal Grant	Municipal State Grant	School State Grant	School Federal Grant	Gift	Stormwater Management	Sub-total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,670,318
-	-	-	-	-	-	-
-	-	-	-	-	4,887	4,887
-	-	-	-	-	134,189	772,038
102,821	51,618	667,107	546,285	27	-	27,987
-	-	-	-	-	-	1,657,106
-	-	-	-	-	-	-
333,379	432,694	386,013	122,638	1,177,048	653,080	3,277,933
-	-	-	-	-	-	-
<u>\$ 436,200</u>	<u>\$ 484,312</u>	<u>\$ 1,053,120</u>	<u>\$ 668,923</u>	<u>\$ 1,177,075</u>	<u>\$ 792,156</u>	<u>\$ 13,410,269</u>
\$ 834	\$ 52,596	\$ 28,207	\$ 125,951	\$ 4,371	\$ 1,706	\$ 373,948
15,143	656	5,190	99,896	1,213	650	207,227
648	37,328	144,512	352,367	9,067	7,158	1,315,006
-	-	-	-	-	-	483,525
96,717	-	-	-	-	41,832	464,287
-	-	-	-	-	-	75,590
-	-	-	-	-	-	-
113,342	90,580	177,909	578,214	14,651	51,346	2,919,583
-	-	-	-	-	-	-
-	-	-	-	-	-	-
322,858	393,732	875,211	90,709	1,162,424	-	2,864,947
-	-	-	-	-	-	-
-	-	-	-	-	740,810	7,625,739
-	-	-	-	-	-	-
-	-	-	-	-	-	-
322,858	393,732	875,211	90,709	1,162,424	740,810	10,490,686
-	-	-	-	-	-	-
<u>\$ 436,200</u>	<u>\$ 484,312</u>	<u>\$ 1,053,120</u>	<u>\$ 668,923</u>	<u>\$ 1,177,075</u>	<u>\$ 792,156</u>	<u>\$ 13,410,269</u>

(Continued)

CITY OF NEWTON, MASSACHUSETTS  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET

JUNE 30, 2010

*Capital Projects Funds*

ASSETS	Public Building Improvements	Street Improvements	Municipal Equipment Replacement	Capital Stabilization	Sub-total
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 15,783,210	\$ 15,783,210
Interest and dividends	-	-	-	-	-
Receivables, net of allowance for uncollectible amounts:					
Tax liens	-	-	-	-	-
Charges for services	-	-	-	-	-
Departmental and other	-	-	-	-	-
Intergovernmental	-	225,611	-	-	225,611
Other assets	-	-	-	-	-
Restricted assets:					
Cash and cash equivalents	12,586,341	978	39,066	-	12,626,385
Investments	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 12,586,341</b>	<b>\$ 226,589</b>	<b>\$ 39,066</b>	<b>\$ 15,783,210</b>	<b>\$ 28,635,206</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES:</b>					
Warrants payable	\$ 511,511	\$ 27,036	\$ -	\$ -	\$ 538,547
Accrued liabilities	157,324	42,325	3,458	-	203,107
Accrued payroll	2,220	978	-	-	3,198
Other liabilities	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Due to other funds	-	23,792	-	-	23,792
<b>TOTAL LIABILITIES</b>	<b>671,055</b>	<b>94,131</b>	<b>3,458</b>	<b>-</b>	<b>768,644</b>
<b>FUND BALANCES:</b>					
Reserved for:					
Capital stabilization	-	-	-	15,783,210	15,783,210
Perpetual permanent funds	-	-	-	-	-
Other specific purposes	-	-	-	-	-
Unreserved:					
Undesignated, reported in:					
Special revenue funds	-	-	-	-	-
Capital projects funds	11,915,286	132,458	35,608	-	12,083,352
Permanent funds	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>11,915,286</b>	<b>132,458</b>	<b>35,608</b>	<b>15,783,210</b>	<b>27,866,562</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 12,586,341</b>	<b>\$ 226,589</b>	<b>\$ 39,066</b>	<b>\$ 15,783,210</b>	<b>\$ 28,635,206</b>

*Permanent Funds*

Municipal	Library Common	Sub-total	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 23,453,528
681	3,203	3,884	3,884
-	-	-	4,887
-	-	-	772,038
-	-	-	27,987
-	-	-	1,882,717
30,000	-	30,000	30,000
398,999	137,179	536,178	16,440,496
70,714	541,241	611,955	611,955
<u>\$ 500,394</u>	<u>\$ 681,623</u>	<u>\$ 1,182,017</u>	<u>\$ 43,227,492</u>
\$ -	\$ -	\$ -	912,495
-	-	-	410,334
-	-	-	1,318,204
-	-	-	483,525
-	-	-	464,287
-	-	-	99,382
-	-	-	<u>3,688,227</u>
-	-	-	15,783,210
441,993	-	441,993	441,993
-	-	-	2,864,947
-	-	-	7,625,739
-	-	-	12,083,352
58,401	681,623	740,024	740,024
<u>500,394</u>	<u>681,623</u>	<u>1,182,017</u>	<u>39,539,265</u>
<u>\$ 500,394</u>	<u>\$ 681,623</u>	<u>\$ 1,182,017</u>	<u>\$ 43,227,492</u>

(Concluded)

CITY OF NEWTON, MASSACHUSETTS  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

*Special Revenue Funds*

	School Lunch	Revolving	Receipts Reserved	Federal ARRA Fund	Community Development Block Grant
<b>REVENUES</b>					
Penalties and interest on taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	430,926	-	-
Intergovernmental	571,668	2,440	-	2,253,292	1,893,939
Charges for services	2,345,305	8,707,958	1,343,685	-	-
Fines and forfeitures	-	13,867	2,700	-	-
Investment income	3,196	1,257	1,442	-	-
Contributions and donations	-	173,419	85,000	-	-
Miscellaneous	-	111,508	196,242	-	-
Special assessments	-	84,207	-	-	-
<b>TOTAL REVENUES</b>	<b>2,920,169</b>	<b>9,094,656</b>	<b>2,059,995</b>	<b>2,253,292</b>	<b>1,893,939</b>
<b>EXPENDITURES</b>					
Current:					
General government:					
Elections	-	-	-	-	-
Administrative support	-	-	-	-	-
Planning & development	-	95,603	-	440,360	1,874,176
Public building maintenance & operations	-	216	-	57,185	-
Public safety:					
Police	-	2,800,550	-	-	-
Fire	-	117,823	-	-	-
Inspectional services	-	-	1,548	-	-
Education	3,605,667	4,738,056	-	1,737,002	-
Public works:					
Streets & sidewalks	-	101,425	-	-	-
Collection & disposal of solid waste	-	55,872	-	-	-
Vehicle maintenance	-	4,464	-	-	-
Engineering	-	20,183	-	-	-
Health and human services:					
Health & human services	-	939	-	-	-
Senior services	-	52,416	-	-	-
Culture and recreation:					
Libraries	-	25,594	-	-	-
Parks & recreation	-	1,744,820	-	-	-
Newton History museum	-	2,272	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>3,605,667</b>	<b>9,761,781</b>	<b>-</b>	<b>2,234,547</b>	<b>1,874,176</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(685,498)</b>	<b>(667,125)</b>	<b>2,059,995</b>	<b>18,745</b>	<b>19,763</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	691,847	892,781	64,620	-	-
Issuance of general obligation bonds	-	-	-	-	-
Sale of capital assets	-	23,949	1	-	-
Transfers out	-	(329)	(3,223,063)	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>691,847</b>	<b>916,401</b>	<b>(3,158,442)</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>6,349</b>	<b>249,276</b>	<b>(1,098,447)</b>	<b>18,745</b>	<b>19,763</b>
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<b>144,183</b>	<b>2,825,012</b>	<b>4,739,811</b>	<b>-</b>	<b>250</b>
<b>FUND BALANCES AT END OF YEAR</b>	<b>\$ 150,532</b>	<b>\$ 3,074,288</b>	<b>\$ 3,641,364</b>	<b>\$ 18,745</b>	<b>\$ 20,013</b>

*Special Revenue Funds*

Municipal Federal Grant	Municipal State Grant	School State Grant	School Federal Grant	Gift	Stormwater Management	Sub-total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,701	\$ 23,701
2,424,236	789,392	4,865,739	6,598,099	-	-	430,926
-	-	-	-	-	777,403	19,398,805
-	-	-	-	-	-	13,174,351
-	42	-	-	3,003	-	16,567
-	-	-	-	610,477	-	8,940
-	-	-	-	3,525	-	868,896
-	-	-	-	-	-	311,275
-	-	-	-	-	-	84,207
<u>2,424,236</u>	<u>789,434</u>	<u>4,865,739</u>	<u>6,598,099</u>	<u>617,005</u>	<u>801,104</u>	<u>34,317,668</u>
-	32,099	-	-	-	-	32,099
-	1,304	-	-	-	-	1,304
2,032,600	3,755	-	-	3,802	-	4,450,296
-	6,547	-	-	-	-	63,948
4,491	189,097	-	-	-	-	2,994,138
86,827	50,726	-	-	-	-	255,376
-	-	-	-	-	-	1,548
-	-	4,697,503	6,666,262	468,351	-	21,912,841
-	-	-	-	4,846	751,514	857,785
-	65,715	-	-	-	-	121,587
-	-	-	-	-	-	4,464
-	-	-	-	-	-	20,183
97,793	189,169	-	-	5,218	-	293,119
-	160,354	-	-	13,925	-	226,695
-	92,540	-	-	11,972	-	130,106
-	10,368	-	-	74,433	-	1,829,621
10,962	-	-	-	-	-	13,234
<u>2,232,673</u>	<u>801,674</u>	<u>4,697,503</u>	<u>6,666,262</u>	<u>582,547</u>	<u>751,514</u>	<u>33,208,344</u>
<u>191,563</u>	<u>(12,240)</u>	<u>168,236</u>	<u>(68,163)</u>	<u>34,458</u>	<u>49,590</u>	<u>1,109,324</u>
14,094	-	-	-	676,579	220	2,340,141
-	-	-	-	-	-	-
-	-	-	-	-	-	23,950
-	(3,148)	-	-	(676,579)	-	(3,903,119)
<u>14,094</u>	<u>(3,148)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>220</u>	<u>(1,539,028)</u>
205,657	(15,388)	168,236	(68,163)	34,458	49,810	(429,704)
<u>117,201</u>	<u>409,120</u>	<u>706,975</u>	<u>158,872</u>	<u>1,127,966</u>	<u>691,000</u>	<u>10,920,390</u>
<u>\$ 322,858</u>	<u>\$ 393,732</u>	<u>\$ 875,211</u>	<u>\$ 90,709</u>	<u>\$ 1,162,424</u>	<u>\$ 740,810</u>	<u>\$ 10,490,686</u>

(Continued)

CITY OF NEWTON, MASSACHUSETTS  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

*Capital Projects Funds*

	Public Building Improvements	Street Improvements	Municipal Equipment Replacement	Capital Stabilization	Sub-total
<b>REVENUES</b>					
Penalties and interest on taxes.....	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, permits and fees.....	-	-	-	-	-
Intergovernmental.....	-	1,948,346	-	-	1,948,346
Charges for services.....	-	-	-	-	-
Fines and forfeitures.....	-	-	-	-	-
Investment income.....	-	-	-	11,738	11,738
Contributions and donations.....	-	-	-	-	-
Miscellaneous.....	120,770	-	-	-	120,770
Special assessments.....	-	-	-	-	-
<b>TOTAL REVENUES</b> .....	<b>120,770</b>	<b>1,948,346</b>	<b>-</b>	<b>11,738</b>	<b>2,080,854</b>
<b>EXPENDITURES</b>					
Current:					
General government:					
Elections.....	-	-	-	-	-
Administrative support.....	-	-	-	-	-
Planning & development.....	-	-	-	-	-
Public building maintenance & operations.....	2,050,023	-	-	-	2,050,023
Public safety:					
Police.....	-	-	-	-	-
Fire.....	-	-	571,755	-	571,755
Inspectional services.....	-	-	-	-	-
Education.....	4,835,002	-	-	-	4,835,002
Public works:					
Streets & sidewalks.....	-	2,014,521	2,491,847	-	4,506,368
Collection & disposal of solid waste.....	-	-	-	-	-
Vehicle maintenance.....	-	-	-	-	-
Engineering.....	-	-	-	-	-
Health and human services:					
Public health.....	-	-	-	-	-
Human services.....	-	-	-	-	-
Culture and recreation:					
Libraries.....	-	-	-	-	-
Parks & recreation.....	-	-	39,298	-	39,298
Newton History museum.....	-	-	-	-	-
<b>TOTAL EXPENDITURES</b> .....	<b>6,885,025</b>	<b>2,014,521</b>	<b>3,102,900</b>	<b>-</b>	<b>12,002,446</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b> .....	<b>(6,764,255)</b>	<b>(66,175)</b>	<b>(3,102,900)</b>	<b>11,738</b>	<b>(9,921,592)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in.....	113,514	-	-	360,839	474,353
Issuance of general obligation bonds.....	11,488,000	-	2,410,000	-	13,898,000
Sale of capital assets.....	-	-	-	-	-
Transfers out.....	(208,771)	(18,132)	-	(1,277,959)	(1,504,862)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b> .....	<b>11,392,743</b>	<b>(18,132)</b>	<b>2,410,000</b>	<b>(917,120)</b>	<b>12,867,491</b>
<b>NET CHANGE IN FUND BALANCES</b> .....	<b>4,628,488</b>	<b>(84,307)</b>	<b>(692,900)</b>	<b>(905,382)</b>	<b>2,945,899</b>
<b>FUND BALANCES AT BEGINNING OF YEAR</b> .....	<b>7,286,798</b>	<b>216,765</b>	<b>728,508</b>	<b>16,688,592</b>	<b>24,920,663</b>
<b>FUND BALANCES AT END OF YEAR</b> .....	<b>\$ 11,915,286</b>	<b>\$ 132,458</b>	<b>\$ 35,608</b>	<b>\$ 15,783,210</b>	<b>\$ 27,866,562</b>

*Permanent Funds*

Municipal	Library Common	Sub-total	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 23,701
-	-	-	430,926
-	-	-	21,347,151
-	-	-	13,174,351
-	-	-	16,567
4,552	57,275	61,827	82,505
-	316,444	316,444	1,185,340
-	-	-	432,045
-	-	-	84,207
<u>4,552</u>	<u>373,719</u>	<u>378,271</u>	<u>36,776,793</u>
-	-	-	32,099
-	-	-	1,304
2,557	-	2,557	4,452,853
450	-	450	2,114,421
-	-	-	2,994,138
-	-	-	827,131
-	-	-	1,548
-	-	-	26,747,843
-	-	-	5,364,153
-	-	-	121,587
-	-	-	4,464
-	-	-	20,183
-	-	-	293,119
-	-	-	226,695
-	325,367	325,367	455,473
37,714	-	37,714	1,906,633
-	-	-	13,234
<u>40,721</u>	<u>325,367</u>	<u>366,088</u>	<u>45,576,878</u>
<u>(36,169)</u>	<u>48,352</u>	<u>12,183</u>	<u>(8,800,085)</u>
-	-	-	2,814,494
-	-	-	13,898,000
-	-	-	23,950
-	-	-	(5,407,981)
-	-	-	11,328,463
<u>(36,169)</u>	<u>48,352</u>	<u>12,183</u>	<u>2,528,378</u>
<u>536,563</u>	<u>633,271</u>	<u>1,169,834</u>	<u>37,010,887</u>
<u>\$ 500,394</u>	<u>\$ 681,623</u>	<u>\$ 1,182,017</u>	<u>\$ 39,539,265</u>

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## Internal Service Funds

### Health Insurance Fund

This fund is used to account for group health benefits for active and retired employees of the City. The City funds 80% of group health benefits, and employees contribute 20% of the cost through payroll deductions. The City maintains separate sub-funds for plans administered by Tufts Associated Health Plan and Harvard-Pilgrim Health.

### Workers' Compensation Insurance Fund

This fund is used to account for workers' compensation benefits, replacement wages and medical benefits for qualified employees. The fund is also used to account for the cost of providing medical benefits to public safety employees who are injured in the line of duty. Replacement wages for public safety employees are accounted for in the General Fund operating budgets of the police and fire departments.

### Building Insurance Fund

This fund is used to generate annual income, which is used to finance the City's annual property insurance premiums. Funds are transferred to the General Fund, based upon an annual authorization vote of the Board of Aldermen.

### Liability Insurance Fund

This fund is used to accumulate resources to pay liability claims in excess of \$50,000. Liability claims of \$15,000 or more are financed from a judgment and settlement appropriation in the City's Solicitor's General Fund annual appropriation. Claims greater than \$5,000, but less than \$50,000 are financed with a transfer from the Reserve Fund annual appropriation in the General Fund.

CITY OF NEWTON, MASSACHUSETTS  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF FUND NET ASSETS

JUNE 30, 2010

ASSETS	Health Insurance	Workers' Compensation Insurance	Building Insurance	Liability Insurance	Total
Current assets:					
Cash and cash equivalents .....	\$ 14,658,129	\$ 1,146,109	\$ 173,527	\$ 221,322	\$ 16,199,087
Investments .....	-	6,757,088	882,826	-	7,639,914
Interest and dividends .....	-	27,582	8,153	-	35,735
Working capital deposit .....	398,417	-	-	-	398,417
Total assets .....	<u>15,056,546</u>	<u>7,930,779</u>	<u>1,064,506</u>	<u>221,322</u>	<u>24,273,153</u>
LIABILITIES					
Current liabilities:					
Warrants payable .....	271,183	76,984	-	-	348,167
Accrued liabilities .....	-	40,845	-	-	40,845
Accrued payroll .....	-	28,654	-	-	28,654
Accrued health claims payable .....	3,912,427	-	-	-	3,912,427
Workers' compensation claims .....	-	1,011,345	-	-	1,011,345
Total current liabilities .....	<u>4,183,610</u>	<u>1,157,828</u>	<u>-</u>	<u>-</u>	<u>5,341,438</u>
Noncurrent liabilities:					
Workers' compensation claims .....	-	5,673,516	-	-	5,673,516
Total liabilities .....	<u>4,183,610</u>	<u>6,831,344</u>	<u>-</u>	<u>-</u>	<u>11,014,954</u>
FUND NET ASSETS					
Unrestricted .....	\$ <u>10,872,936</u>	\$ <u>1,099,435</u>	\$ <u>1,064,506</u>	\$ <u>221,322</u>	\$ <u>13,258,199</u>

CITY OF NEWTON, MASSACHUSETTS  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Health Insurance	Workers' Compensation Insurance	Building Insurance	Liability Insurance	Total
<b>OPERATING REVENUES</b>					
Employer contributions .....	\$ 39,373,712	\$ 1,650,000	\$ -	\$ -	\$ 41,023,712
Employee contributions .....	9,974,114	-	-	-	9,974,114
<b>TOTAL OPERATING REVENUES</b> .....	<b>49,347,826</b>	<b>1,650,000</b>	<b>-</b>	<b>-</b>	<b>50,997,826</b>
<b>OPERATING EXPENSES</b>					
Change in incurred but not reported liability .....	(499,819)	5,455	-	-	(494,364)
Self insurance claims .....	45,144,407	1,752,816	-	-	46,897,223
Insurance premiums .....	503,456	-	-	-	503,456
Administrative expenses .....	2,597,346	45,829	-	-	2,643,175
<b>TOTAL OPERATING EXPENSES</b> .....	<b>47,745,390</b>	<b>1,804,100</b>	<b>-</b>	<b>-</b>	<b>49,549,490</b>
<b>OPERATING INCOME (LOSS)</b> .....	<b>1,602,436</b>	<b>(154,100)</b>	<b>-</b>	<b>-</b>	<b>1,448,336</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment income .....	60,629	674,759	65,952	962	802,302
<b>INCOME (LOSS) BEFORE TRANSFERS</b> .....	<b>1,663,065</b>	<b>520,659</b>	<b>65,952</b>	<b>962</b>	<b>2,250,638</b>
<b>TRANSFERS</b>					
Transfers out .....	-	-	(277,582)	-	(277,582)
<b>CHANGE IN FUND NET ASSETS</b> .....	<b>1,663,065</b>	<b>520,659</b>	<b>(211,630)</b>	<b>962</b>	<b>1,973,056</b>
<b>FUND NET ASSETS AT BEGINNING OF YEAR</b> .....	<b>9,209,871</b>	<b>578,776</b>	<b>1,276,136</b>	<b>220,360</b>	<b>11,285,143</b>
<b>FUND NET ASSETS AT END OF YEAR</b> .....	<b>\$ 10,872,936</b>	<b>\$ 1,099,435</b>	<b>\$ 1,064,506</b>	<b>221,322</b>	<b>\$ 13,258,199</b>

CITY OF NEWTON, MASSACHUSETTS  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Health Insurance	Workers' Compensation Insurance	Building Insurance	Liability Insurance	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers and users	\$ 9,974,114	\$ -	\$ -	\$ -	\$ 9,974,114
Receipts from interfund services provided	39,373,712	1,651,567	1,163	-	41,026,442
Payments to vendors/providers	(48,332,082)	(1,971,321)	-	-	(50,303,403)
NET CASH FROM OPERATING ACTIVITIES	1,015,744	(319,754)	1,163	-	697,153
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers out	-	-	(277,582)	-	(277,582)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of investments	-	(316,902)	71,465	-	(245,437)
Investment income	60,629	674,759	65,952	962	802,302
NET CASH FROM INVESTING ACTIVITIES	60,629	357,857	137,417	962	556,865
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,076,373	38,103	(139,002)	962	976,436
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	13,581,756	1,108,006	312,529	220,360	15,222,651
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 14,658,129	\$ 1,146,109	\$ 173,527	\$ 221,322	\$ 16,199,087
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES</b>					
Operating income (loss)	\$ 1,602,436	\$ (154,100)	\$ -	\$ -	\$ 1,448,336
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Changes in assets and liabilities:					
Interest and dividends	-	1,567	1,163	-	2,730
Working capital deposit	30,829	-	-	-	30,829
Warrants payable	(76,469)	(117,906)	-	-	(194,375)
Accrued payroll	-	(244)	-	-	(244)
Accrued liabilities	(41,233)	(54,527)	-	-	(95,760)
Accrued health claims payable	(499,819)	-	-	-	(499,819)
Workers' compensation	-	5,456	-	-	5,456
Total adjustments	(586,692)	(165,654)	1,163	-	(751,183)
NET CASH FROM OPERATING ACTIVITIES	\$ 1,015,744	\$ (319,754)	\$ 1,163	\$ -	\$ 697,153

## Private Purpose Trust Funds

### Chaffin Education Fund

This fund is used to account for higher education loans and grants issued to Newton high school graduates who are unable to afford the cost of college education. Revenues consist primarily of investment income on fund cash and investments.

### Scovell Education Fund

This fund is used to account for prizes and awards to students for distinguished scholarships awarded at Newton high schools. The prizes are subject to approval of the School Committee. Revenues consist primarily of investment income on fund cash and investments.

### Gorin Education Fund

This fund is used to account for loans to Newton high school graduates for attending institutions of higher education. Revenues consist primarily of investment income on fund cash and investments.

### Cousens Welfare Fund

This fund is used to account for loans and or grants to Newton residents who qualify as poor. At least 90% of the annual income of the fund is to be distributed to the deserving poor and not more than 20% of this sum may be loaned to individuals who are temporarily in financial need. Revenues consist primarily of investment income on fund cash and investments.

### School Scholarship Fund

This fund is used to account for a variety of public school scholarship funds. Detailed fund information is available from the City Comptroller's Office.

### Kendrick Welfare Fund

This fund is used to account for distributions to needy industrious poor of Newton, especially widows and orphans.

### Read Charity Fund

This fund is used to account for the perpetual maintenance of the donor's grave site, an annual sleigh ride or picnic for the children of the Newton Corner section of Newton, free lectures on scientific subjects in Newton Corner, library book purchases, and assistance to poor widows of the City. Revenues consist primarily of investment income on fund cash and investments.

### Spear Infirmary Fund

The terms of the gift of this fund calls for the income to be used to "...provide cheer for the inmates of the City farm." The fund has been inactive for a number of years.

### Mabel Riley Senior Fund

The terms of the gift of this fund calls for the income to be used for "...special treats for residents of nursing homes and homes for the elderly on holidays and for comforts for the sick throughout the year."

### Elderly Tax Relief Fund

The City has accepted Massachusetts General Law Chapter 60, Section 3D, which authorizes the implementation of a voluntary tax check-off program for purposes of defraying real estate taxes for elderly and disabled Newton taxpayers with low incomes. This fund is used to account for the receipt of voluntary donations and awards voted by the Taxation Aid Committee.

### Arnold Daniels Fund

Pursuant to the terms of the Arnold S. Daniels, Jr. Revocable Trust, dated July 20, 2000, this fund is used to assist needy residents of Newton by providing them with monetary distributions to provide food, shelter, and clothing.

CITY OF NEWTON, MASSACHUSETTS  
PRIVATE PURPOSE TRUST FUNDS  
COMBINING STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2010

	Chaffin Education	Scovell Education	Gorin Education	Cousens Welfare
<b>ASSETS</b>				
Cash and cash equivalents.....	\$ 612,078	\$ 143,965	\$ 3,516	\$ 562,954
Investments.....	3,663,911	839,216	-	1,119,107
Interest and dividends.....	13,545	3,667	-	6,941
Receivables, net of allowance for uncollectibles:				
Loans.....	-	-	22,647	-
Total assets.....	<u>4,289,534</u>	<u>986,848</u>	<u>26,163</u>	<u>1,689,002</u>
<b>LIABILITIES</b>				
Warrants payable.....	-	-	-	500
Due to other funds.....	<u>6,117</u>	<u>27,744</u>	<u>-</u>	<u>-</u>
Total liabilities.....	<u>6,117</u>	<u>27,744</u>	<u>-</u>	<u>500</u>
<b>NET ASSETS</b>				
Held in trust for other purposes.....	<u>\$ 4,283,417</u>	<u>\$ 959,104</u>	<u>\$ 26,163</u>	<u>\$ 1,688,502</u>

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<u>School Scholarship</u>	<u>Kendrick Welfare</u>	<u>Read Charity</u>	<u>Spear Infirmary</u>	<u>Mabel Riley Senior</u>	<u>Elderly Tax Relief</u>	<u>Arnold Daniels Fund</u>	<u>Total</u>
\$ 765,825	\$ 3,092	\$ 43,622	\$ 4,634	\$ 37,804	\$ 643	\$ 50,238	\$ 2,228,371
357,552	-	-	-	-	-	-	5,979,786
1,547	-	-	-	-	-	-	25,700
-	-	-	-	-	-	-	22,647
<u>1,124,924</u>	<u>3,092</u>	<u>43,622</u>	<u>4,634</u>	<u>37,804</u>	<u>643</u>	<u>50,238</u>	<u>8,256,504</u>
-	-	-	-	-	-	-	500
-	-	-	-	-	-	-	33,861
-	-	-	-	-	-	-	34,361
<u>\$ 1,124,924</u>	<u>\$ 3,092</u>	<u>\$ 43,622</u>	<u>4,634</u>	<u>\$ 37,804</u>	<u>\$ 643</u>	<u>\$ 50,238</u>	<u>\$ 8,222,143</u>

CITY OF NEWTON, MASSACHUSETTS  
PRIVATE PURPOSE TRUST FUNDS  
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Chaffin Education	Scovell Education	Gorin Education	Cousens Welfare
<b>ADDITIONS</b>				
Contributions:				
Private donations.....	\$ -	\$ -	\$ -	\$ 15,985
Net investment income:				
Interest.....	374,024	90,801	-	209,620
<b>TOTAL ADDITIONS.....</b>	<b>374,024</b>	<b>90,801</b>	<b>-</b>	<b>225,605</b>
<b>DEDUCTIONS</b>				
Administration expense.....	1,408	-	-	28,668
Educational scholarships & awards.....	239,264	29,500	-	59,380
<b>TOTAL DEDUCTIONS.....</b>	<b>240,672</b>	<b>29,500</b>	<b>-</b>	<b>88,048</b>
<b>CHANGE IN NET ASSETS.....</b>	<b>133,352</b>	<b>61,301</b>	<b>-</b>	<b>137,557</b>
<b>NET ASSETS AT BEGINNING OF YEAR.....</b>	<b>4,150,065</b>	<b>897,803</b>	<b>26,163</b>	<b>1,550,945</b>
<b>NET ASSETS AT END OF YEAR.....</b>	<b>\$ 4,283,417</b>	<b>\$ 959,104</b>	<b>\$ 26,163</b>	<b>\$ 1,688,502</b>

<u>School Scholarship</u>	<u>Kendrick Welfare</u>	<u>Read Charity</u>	<u>Spear Infirmary</u>	<u>Mabel Riley Senior</u>	<u>Elderly Tax Relief</u>	<u>Arnold Daniels Fund</u>	<u>Total</u>
\$ 37,517	\$ -	\$ -	\$ -	\$ -	\$ 3,034	\$ -	\$ 56,536
<u>41,958</u>	<u>14</u>	<u>195</u>	<u>20</u>	<u>165</u>	<u>11</u>	<u>228</u>	<u>717,036</u>
<u>79,475</u>	<u>14</u>	<u>195</u>	<u>20</u>	<u>165</u>	<u>3,045</u>	<u>228</u>	<u>773,572</u>
500	-	700	-	-	-	-	31,276
<u>123,465</u>	<u>300</u>	<u>500</u>	<u>-</u>	<u>-</u>	<u>3,900</u>	<u>2,215</u>	<u>458,524</u>
<u>123,965</u>	<u>300</u>	<u>1,200</u>	<u>-</u>	<u>-</u>	<u>3,900</u>	<u>2,215</u>	<u>489,800</u>
(44,490)	(286)	(1,005)	20	165	(855)	(1,987)	283,772
<u>1,169,414</u>	<u>3,378</u>	<u>44,627</u>	<u>4,614</u>	<u>37,639</u>	<u>1,498</u>	<u>52,225</u>	<u>7,938,371</u>
\$ <u>1,124,924</u>	\$ <u>3,092</u>	\$ <u>43,622</u>	\$ <u>4,634</u>	\$ <u>37,804</u>	\$ <u>643</u>	\$ <u>50,238</u>	\$ <u>8,222,143</u>

## Agency Fund

This fund is used to account for monies held on behalf of parties other than the City, such as state and federal agencies; independent not-for-profit organizations for which the City collects private donations; the Metro Fire District; and public school student activities.

CITY OF NEWTON, MASSACHUSETTS  
 AGENCY FUND  
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2010</u>
<b>ASSETS</b>				
Cash and cash equivalents.....	\$ 2,525,100	134,014,421	(134,113,177)	\$ 2,426,344
<b>LIABILITIES</b>				
Warrants payable.....	118,161	134,212,600	(134,113,137)	217,624
Accrued payroll.....	-	424	-	424
Payroll withholdings.....	1,656,450	132,095,177	(132,307,693)	1,443,934
Other liabilities.....	750,489	1,919,204	(1,905,331)	764,362
Total liabilities.....	\$ 2,525,100	\$ 268,227,405	\$ (268,326,161)	\$ 2,426,344



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## General Fund

This is the City's primary operating fund. It accounts for all financial resources of the government, except those required to be accounted for in another fund.

CITY OF NEWTON, MASSACHUSETTS  
GENERAL FUND  
SCHEDULE OF EXPENDITURES AND TRANSFERS OUT  
BUDGET TO ACTUAL - LEGAL LEVEL OF CONTROL

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Continued Appropriations	FY 2010 Original Budget	FY 2010 Budget Revisions
<b>City Clerk/Clerk of the Board</b>			
Personal Services	\$ -	\$ 812,871	\$ -
Expenses	-	54,910	-
Fringe Benefits	-	244,443	(23,915)
Total City Clerk/Clerk of the Board	<u>-</u>	<u>1,112,224</u>	<u>(23,915)</u>
<b>Mayor's Office</b>			
Personal Services	-	579,248	138,268
Expenses	-	40,625	-
Fringe Benefits	-	83,905	(8,000)
Total Mayor's Office	<u>-</u>	<u>703,778</u>	<u>130,268</u>
<b>Comptroller's Office/Property Insurance</b>			
Personal Services	-	423,591	-
Expenses	6,956	406,580	9,200
Fringe Benefits	-	59,904	18
Total Comptroller's Office/Property Insurance	<u>6,956</u>	<u>890,075</u>	<u>9,218</u>
<b>Purchasing/General Services</b>			
Personal Services	-	324,943	3,000
Expenses	-	73,903	(3,000)
Capital Outlay	-	3,000	-
Fringe Benefits	-	45,154	3,451
Total Purchasing/General Services	<u>-</u>	<u>447,000</u>	<u>3,451</u>
<b>Assessing Department</b>			
Personal Services	-	990,818	-
Expenses	-	40,000	-
Fringe Benefits	-	178,149	428
Total Assessing Department	<u>-</u>	<u>1,208,967</u>	<u>428</u>
<b>Treasury &amp; Collection Department</b>			
Personal Services	-	511,388	6,000
Expenses	28,257	387,569	173,243
Fringe Benefits	-	114,696	(14,000)
Total Treasury & Collection Department	<u>28,257</u>	<u>1,013,653</u>	<u>165,243</u>
<b>City Solicitor/Judgments &amp; Settlements</b>			
Personal Services	-	859,256	24,000
Expenses	1,316	279,443	380,435
Fringe Benefits	-	105,858	(374)
Total City Solicitor's Office/Settlements	<u>1,316</u>	<u>1,244,557</u>	<u>404,061</u>

<u>FY 2010 Budget As Amended</u>	<u>Total Revised FY 2010 Budget</u>	<u>Expenditures and Transfers</u>	<u>Encumbrances/ Continued Appropriations</u>	<u>Closed to Fund Balance</u>
\$ 812,871	\$ 812,871	\$ 806,749	\$ -	\$ 6,122
54,910	54,910	53,909	-	1,001
220,528	220,528	215,922	-	4,606
<u>1,088,309</u>	<u>1,088,309</u>	<u>1,076,580</u>	<u>-</u>	<u>11,729</u>
717,516	717,516	691,785	-	25,731
40,625	40,625	35,014	103	5,508
75,905	75,905	75,307	-	598
<u>834,046</u>	<u>834,046</u>	<u>802,106</u>	<u>103</u>	<u>31,837</u>
423,591	423,591	412,648	-	10,943
415,780	422,736	410,557	11,193	986
59,922	59,922	58,631	-	1,291
<u>899,293</u>	<u>906,249</u>	<u>881,836</u>	<u>11,193</u>	<u>13,220</u>
327,943	327,943	314,873	-	13,070
70,903	70,903	40,824	-	30,079
3,000	3,000	2,505	-	495
48,605	48,605	48,553	-	52
<u>450,451</u>	<u>450,451</u>	<u>406,755</u>	<u>-</u>	<u>43,696</u>
990,818	990,818	990,017	-	801
40,000	40,000	34,454	-	5,546
178,577	178,577	178,572	-	5
<u>1,209,395</u>	<u>1,209,395</u>	<u>1,203,043</u>	<u>-</u>	<u>6,352</u>
517,388	517,388	504,555	-	12,833
560,812	589,069	558,401	11,805	18,863
100,696	100,696	97,605	-	3,091
<u>1,178,896</u>	<u>1,207,153</u>	<u>1,160,561</u>	<u>11,805</u>	<u>34,787</u>
883,256	883,256	883,256	-	-
659,878	661,194	648,891	-	12,303
105,484	105,484	104,428	-	1,056
<u>1,648,618</u>	<u>1,649,934</u>	<u>1,636,575</u>	<u>-</u>	<u>13,359</u>

(Continued)

CITY OF NEWTON, MASSACHUSETTS  
GENERAL FUND  
SCHEDULE OF EXPENDITURES AND TRANSFERS OUT  
BUDGET TO ACTUAL - LEGAL LEVEL OF CONTROL (CONTINUED)

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Continued Appropriations	FY 2010 Original Budget	FY 2010 Budget Revisions
<b>Human Resources Department</b>			
Personal Services	-	603,645	21,000
Expenses	1,250	107,174	-
Capital Outlay	-	1,700	-
Fringe Benefits	-	213,028	91,443
Total Human Resources Department	<u>1,250</u>	<u>925,547</u>	<u>112,443</u>
<b>Information Technology Department</b>			
Personal Services	-	654,522	-
Expenses	-	223,891	-
Capital Outlay	-	8,000	-
Fringe Benefits	-	110,285	(9,034)
Total Information Technology Department	<u>-</u>	<u>996,698</u>	<u>(9,034)</u>
<b>Election Commission</b>			
Personal Services	-	500,460	-
Expenses	-	82,188	-
Fringe Benefits	-	77,476	(1,000)
Total Election Commission	<u>-</u>	<u>660,124</u>	<u>(1,000)</u>
<b>Licensing Commission</b>			
Expenses	<u>-</u>	<u>1,896</u>	<u>-</u>
<b>Planning &amp; Development Department</b>			
Personal Services	-	841,546	29,500
Expenses	-	29,057	35,750
Fringe Benefits	-	124,153	7,000
Total Planning & Development Department	<u>-</u>	<u>994,756</u>	<u>72,250</u>
<b>Public Building Department</b>			
Personal Services	-	1,460,745	91,857
Expenses	20,285	687,365	111,524
Capital Outlay	-	1,000	-
Fringe Benefits	-	274,151	15,213
Total Public Building Department	<u>20,285</u>	<u>2,423,261</u>	<u>218,594</u>
<b>GENERAL GOVERNMENT TOTAL</b>	<u>58,064</u>	<u>12,622,536</u>	<u>1,082,007</u>
<b>Police Department</b>			
Personal Services	-	13,699,796	(125,000)
Expenses	11,261	799,775	(1,821)
Capital Outlay	-	256,507	1,821
Fringe Benefits	-	2,287,769	(100,000)
Total Police Department	<u>11,261</u>	<u>17,043,847</u>	<u>(225,000)</u>

FY 2010 Budget As Amended	Total Revised FY 2010 Budget	Expenditures and Transfers	Encumbrances/ Continued Appropriations	Closed to Fund Balance
624,645	624,645	568,322	-	56,323
107,174	108,424	97,707	298	10,419
1,700	1,700	750	-	950
304,471	304,471	302,563	-	1,908
<u>1,037,990</u>	<u>1,039,240</u>	<u>969,342</u>	<u>298</u>	<u>69,600</u>
654,522	654,522	552,297	-	102,225
223,891	223,891	221,192	89	2,610
8,000	8,000	7,929	-	71
101,251	101,251	89,476	-	11,775
<u>987,664</u>	<u>987,664</u>	<u>870,894</u>	<u>89</u>	<u>116,681</u>
500,460	500,460	494,437	-	6,023
82,188	82,188	75,122	-	7,066
76,476	76,476	74,735	-	1,741
<u>659,124</u>	<u>659,124</u>	<u>644,294</u>	<u>-</u>	<u>14,830</u>
<u>1,896</u>	<u>1,896</u>	<u>1,439</u>	<u>-</u>	<u>457</u>
871,046	871,046	835,771	-	35,275
64,807	64,807	16,534	35,077	13,196
131,153	131,153	117,771	-	13,382
<u>1,067,006</u>	<u>1,067,006</u>	<u>970,076</u>	<u>35,077</u>	<u>61,853</u>
1,552,602	1,552,602	1,549,112	-	3,490
798,889	819,174	756,961	61,186	1,027
1,000	1,000	961	-	39
289,364	289,364	289,231	-	133
<u>2,641,855</u>	<u>2,662,140</u>	<u>2,596,265</u>	<u>61,186</u>	<u>4,689</u>
<u>13,704,543</u>	<u>13,762,607</u>	<u>13,219,766</u>	<u>119,751</u>	<u>423,090</u>
13,574,796	13,574,796	13,077,465	497,331	-
797,954	809,215	772,201	11,171	25,843
258,328	258,328	209,146	49,078	104
2,187,769	2,187,769	2,176,053	-	11,716
<u>16,818,847</u>	<u>16,830,108</u>	<u>16,234,865</u>	<u>557,580</u>	<u>37,663</u>

(Continued)

CITY OF NEWTON, MASSACHUSETTS  
GENERAL FUND  
SCHEDULE OF EXPENDITURES AND TRANSFERS OUT  
BUDGET TO ACTUAL - LEGAL LEVEL OF CONTROL (CONTINUED)

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Continued Appropriations	FY 2010 Original Budget	FY 2010 Budget Revisions
<b>Fire Department</b>			
Personal Services	-	12,917,440	384,305
Expenses	31,357	558,295	33,000
Capital Outlay	37,755	27,000	-
Fringe Benefits	-	2,268,015	(60,094)
Total Fire Department	<u>69,112</u>	<u>15,770,750</u>	<u>357,211</u>
<b>Inspectional Services Department</b>			
Personal Services	-	882,978	-
Expenses	-	53,810	-
Capital Outlay	-	20,000	-
Fringe Benefits	-	161,663	(24,000)
Total Inspectional Services Department	<u>-</u>	<u>1,118,451</u>	<u>(24,000)</u>
<b>Civil Defense Department</b>			
Personal Services	-	4,000	-
Expenses	-	4,238	-
Fringe Benefits	-	7,871	-
Total Civil Defense Department	<u>-</u>	<u>16,109</u>	<u>-</u>
<b>Weights &amp; Measures Department</b>			
Personal Services	-	65,621	-
Expenses	-	3,615	-
Fringe Benefits	-	6,500	-
Total Weights & Measures Department	<u>-</u>	<u>75,736</u>	<u>-</u>
<b>PUBLIC SAFETY TOTAL</b>	<u>80,373</u>	<u>34,024,893</u>	<u>108,211</u>
<b>NEWTON PUBLIC SCHOOLS</b>	<u>1,005,862</u>	<u>164,708,394</u>	<u>(2,040,604)</u>
<b>Public Works Department</b>			
Personal Services	-	8,036,134	618,714
Expenses	232,773	9,048,364	1,424,312
Capital Outlay	300	174,539	-
Fringe Benefits	-	1,666,310	(54,197)
Total Public Works Department	<u>233,073</u>	<u>18,925,347</u>	<u>1,988,829</u>
<b>PUBLIC WORKS TOTAL</b>	<u>233,073</u>	<u>18,925,347</u>	<u>1,988,829</u>

<u>FY 2010 Budget As Amended</u>	<u>Total Revised FY 2010 Budget</u>	<u>Expenditures and Transfers</u>	<u>Encumbrances/ Continued Appropriations</u>	<u>Closed to Fund Balance</u>
13,301,745	13,301,745	13,114,545	-	187,200
591,295	622,652	594,931	500	27,221
27,000	64,755	42,279	20,480	1,996
2,207,921	2,207,921	2,196,212	-	11,709
<u>16,127,961</u>	<u>16,197,073</u>	<u>15,947,967</u>	<u>20,980</u>	<u>228,126</u>
882,978	882,978	841,824	-	41,154
53,810	53,810	38,452	-	15,358
20,000	20,000	20,000	-	-
137,663	137,663	135,338	-	2,325
<u>1,094,451</u>	<u>1,094,451</u>	<u>1,035,614</u>	<u>-</u>	<u>58,837</u>
4,000	4,000	2,182	-	1,818
4,238	4,238	2,655	-	1,583
7,871	7,871	1,204	-	6,667
<u>16,109</u>	<u>16,109</u>	<u>6,041</u>	<u>-</u>	<u>10,068</u>
65,621	65,621	65,619	-	2
3,615	3,615	1,908	-	1,707
6,500	6,500	6,488	-	12
<u>75,736</u>	<u>75,736</u>	<u>74,015</u>	<u>-</u>	<u>1,721</u>
<u>34,133,104</u>	<u>34,213,477</u>	<u>33,298,502</u>	<u>578,560</u>	<u>336,415</u>
<u>162,667,790</u>	<u>163,673,652</u>	<u>162,778,071</u>	<u>894,457</u>	<u>1,124</u>
8,654,848	8,654,848	8,549,722	-	105,126
10,472,676	10,705,449	10,549,393	60,736	95,320
174,539	174,839	28,418	146,421	-
1,612,113	1,612,113	1,585,043	-	27,070
20,914,176	21,147,249	20,712,576	207,157	227,516
<u>20,914,176</u>	<u>21,147,249</u>	<u>20,712,576</u>	<u>207,157</u>	<u>227,516</u>

(Continued)

CITY OF NEWTON, MASSACHUSETTS  
GENERAL FUND  
SCHEDULE OF EXPENDITURES AND TRANSFERS OUT  
BUDGET TO ACTUAL - LEGAL LEVEL OF CONTROL (CONTINUED)

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Continued Appropriations	FY 2010 Original Budget	FY 2010 Budget Revisions
<b>Health &amp; Human Services Department</b>			
Personal Services	-	2,174,795	-
Expenses	-	366,641	3,660
Capital Outlay	-	-	4,500
Fringe Benefits	-	426,986	22,774
Total Public Health Department	-	2,968,422	30,934
<b>Senior Services Department</b>			
Personal Services	-	233,792	-
Expenses	-	301,444	-
Fringe Benefits	-	59,201	(8,000)
Total Human Services Department	-	594,437	(8,000)
<b>Veteran Services Department</b>			
Personal Services	-	140,658	(13,000)
Expenses	-	47,275	30,000
Fringe Benefits	-	21,347	(2,912)
Total Veteran Services Department	-	209,280	14,088
<hr/>			
<b>HEALTH &amp; HUMAN SERVICES TOTAL</b>	-	3,772,139	37,022
<hr/>			
<b>Newton Public Library</b>			
Personal Services	-	3,563,624	15,000
Expenses	-	1,086,343	-
Fringe Benefits	-	622,589	39,393
Total Newton Public Library	-	5,272,556	54,393
<b>Parks &amp; Recreation Department</b>			
Personal Services	-	2,544,748	65,018
Expenses	-	1,401,140	462,543
Fringe Benefits	-	349,914	(15,191)
Total Parks & Recreation Department	-	4,295,802	512,370
<b>Newton History Museum</b>			
Personal Services	-	194,163	-
Expenses	-	19,721	-
Fringe Benefits	-	34,936	34
Total Newton History Museum	-	248,820	34
<hr/>			
<b>CULTURE &amp; RECREATION TOTAL</b>	-	9,817,178	566,797

<u>FY 2010 Budget As Amended</u>	<u>Total Revised FY 2010 Budget</u>	<u>Expenditures and Transfers</u>	<u>Encumbrances/ Continued Appropriations</u>	<u>Closed to Fund Balance</u>
2,174,795	2,174,795	2,168,996	-	5,799
370,301	370,301	344,177	181	25,943
4,500	4,500	-	4,500	-
449,760	449,760	449,222	-	538
<u>2,999,356</u>	<u>2,999,356</u>	<u>2,962,395</u>	<u>4,681</u>	<u>32,280</u>
233,792	233,792	230,824	-	2,968
301,444	301,444	301,262	-	182
51,201	51,201	50,228	-	973
<u>586,437</u>	<u>586,437</u>	<u>582,314</u>	<u>-</u>	<u>4,123</u>
127,658	127,658	127,637	-	21
77,275	77,275	73,792	-	3,483
18,435	18,435	18,100	-	335
<u>223,368</u>	<u>223,368</u>	<u>219,529</u>	<u>-</u>	<u>3,839</u>
<u>3,809,161</u>	<u>3,809,161</u>	<u>3,764,238</u>	<u>4,681</u>	<u>40,242</u>
3,578,624	3,578,624	3,516,368	-	62,256
1,086,343	1,086,343	1,000,868	-	85,475
661,982	661,982	658,212	-	3,770
<u>5,326,949</u>	<u>5,326,949</u>	<u>5,175,448</u>	<u>-</u>	<u>151,501</u>
2,609,766	2,609,766	2,597,558	-	12,208
1,863,683	1,863,683	1,753,501	-	110,182
334,723	334,723	333,709	-	1,014
<u>4,808,172</u>	<u>4,808,172</u>	<u>4,684,768</u>	<u>-</u>	<u>123,404</u>
194,163	194,163	184,938	-	9,225
19,721	19,721	18,327	-	1,394
34,970	34,970	34,903	-	67
<u>248,854</u>	<u>248,854</u>	<u>238,168</u>	<u>-</u>	<u>10,686</u>
<u>10,383,975</u>	<u>10,383,975</u>	<u>10,098,384</u>	<u>-</u>	<u>285,591</u>

(Continued)

CITY OF NEWTON, MASSACHUSETTS  
GENERAL FUND  
SCHEDULE OF EXPENDITURES AND TRANSFERS OUT  
BUDGET TO ACTUAL - LEGAL LEVEL OF CONTROL (CONTINUED)

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Continued Appropriations	FY 2010 Original Budget	FY 2010 Budget Revisions
<b>DEBT SERVICE (PRINCIPAL &amp; INTEREST)</b>			
Debt Service	-	14,332,596	-
<b>RETIREMENT</b>			
Personal Services	-	176,480	2,621
Expenses	-	70,730	-
Fringe Benefits	-	21,581,989	186,152
Total Retirement	-	21,829,199	188,773
<b>APPROPRIATED RESERVES</b>			
Wage & Salary Reserve	593,129	138,268	149,625
Reserve Fund (Budget Reserve)	-	750,000	(747,896)
Total Budgetary Reserves	593,129	888,268	(598,271)
<b>STATE &amp; COUNTY ASSESSMENTS</b>	-	5,566,870	97,348
<b>SPECIAL APPROPRIATIONS</b>	2,335,964	-	2,676,443
<b>TOTAL EXPENDITURES</b>	4,306,465	286,487,420	4,106,555
<b>TRANSFERS TO OTHER FUNDS:</b>			
Workers Comp Self Insurance Fund - Municipal	-	950,000	50,000
Workers Comp Self Insurance Fund - School	-	-	350,000
School Athletic Revolving Fund - School	-	-	877,781
School Lunch Fund - School	-	-	691,847
Traffic Mitigation Receipts Reserved Fund	-	-	64,620
Federal Grant Special Revenue Fund	-	-	14,094
Municipal Building Improvement Fund	-	-	14,600
Capital Stabilization Fund - Municipal	-	-	12,961
Capital Stabilization Fund - School	-	-	120,976
Total Transfers to Other Funds	-	950,000	2,196,879
<b>TOTAL EXPENDITURES AND TRANSFERS</b>	\$ 4,306,465	\$ 287,437,420	\$ 6,303,434

<u>FY 2010 Budget As Amended</u>	<u>Total Revised FY 2010 Budget</u>	<u>Expenditures and Transfers</u>	<u>Encumbrances/ Continued Appropriations</u>	<u>Closed to Fund Balance</u>
<u>14,332,596</u>	<u>14,332,596</u>	<u>14,332,264</u>	<u>-</u>	<u>332</u>
179,101	179,101	179,101	-	-
70,730	70,730	70,730	-	-
<u>21,768,141</u>	<u>21,768,141</u>	<u>21,682,676</u>	<u>-</u>	<u>85,465</u>
<u>22,017,972</u>	<u>22,017,972</u>	<u>21,932,507</u>	<u>-</u>	<u>85,465</u>
287,893	881,022	-	881,022	-
2,104	2,104	-	-	2,104
<u>289,997</u>	<u>883,126</u>	<u>-</u>	<u>881,022</u>	<u>2,104</u>
<u>5,664,218</u>	<u>5,664,218</u>	<u>5,619,317</u>	<u>-</u>	<u>44,901</u>
<u>2,676,443</u>	<u>5,012,407</u>	<u>1,771,618</u>	<u>3,192,017</u>	<u>48,772</u>
<u>290,593,975</u>	<u>294,900,440</u>	<u>287,527,243</u>	<u>5,877,645</u>	<u>1,495,552</u>
1,000,000	1,000,000	1,000,000	-	-
350,000	350,000	350,000	-	-
877,781	877,781	877,781	-	-
691,847	691,847	691,847	-	-
64,620	64,620	64,620	-	-
14,094	14,094	14,094	-	-
14,600	14,600	14,600	-	-
12,961	12,961	12,961	-	-
120,976	120,976	120,976	-	-
<u>3,146,879</u>	<u>3,146,879</u>	<u>3,146,879</u>	<u>-</u>	<u>-</u>
<u>293,740,854</u> \$	<u>298,047,319</u> \$	<u>290,674,122</u> \$	<u>5,877,645</u> \$	<u>1,495,552</u>

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## Community Preservation Fund

This fund accounts for the 1% local property tax surcharge that the voters of the City approved in November of 2001 for open space, historic resource and affordable housing purposes. The Commonwealth of Massachusetts currently matches local surcharge revenue on a dollar for dollar basis.

The Board of Aldermen has appropriation authority over all community preservation funds; however, all appropriation recommendations must originate with the nine member community preservation committee.

CITY OF NEWTON, MASSACHUSETTS  
COMMUNITY PRESERVATION FUND  
SCHEDULE OF EXPENDITURES AND TRANSFERS OUT  
BUDGET TO ACTUAL - LEGAL LEVEL OF CONTROL

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Continued Appropriations	Current Year Appropriations	Original Budget
<b>Administration &amp; operations</b>	\$ -	155,979	\$ 155,979
<b>2010 CPA appropriation reserve</b>	-	809,729	809,729
<b>Open space:</b>			
Open space reserve	-	311,957	311,957
Flowed Meadow improvements	30,700	-	30,700
Cheesecake Brook Greenway development	430	-	430
Angino farm debt service	-	311,250	311,250
Kessler Woods debt service	-	569,500	569,500
Total - Open space projects	31,130	1,192,707	1,223,837
<b>Historic resources:</b>			
Historic preservation reserve	-	311,957	311,957
Mayor Hyde portrait restoration	-	-	-
Historical burial grounds restoration	13,076	-	13,076
Historical burial grounds restoration Phase II	221,541	-	221,541
Angino farm barn rehabilitation	-	-	-
Durant Kenrick Homestead	104	-	104
Durant Kenrick Homestead preservation restriction	2,717,300	-	2,717,300
Heritage landscape inventory	985	-	985
Brigham house restoration	1,806	-	1,806
Newton History Museum Archives Project	37,500	-	37,500
Farlow Park Pond Improvements	40,000	-	40,000
Jackson Homestead Museum Restoration	138,244	-	138,244
Warren House Preservation	1,082,500	-	1,082,500
Archaeological Resources Survey	37,750	-	37,750
City Archive preservation project	-	-	-
Total - Historic preservation	4,290,806	311,957	4,602,763

<u>Budget Revisions</u>	<u>Final Budget</u>	<u>Expended</u>	<u>Encumbrances/ Continued Appropriations</u>	<u>Closed to Fund Balance</u>
\$ (14,302)	\$ 141,677	\$ 100,844	\$ 1,625	\$ 39,208
(54,743)	754,986	-	-	754,986
-	311,957	-	-	311,957
-	30,700	-	30,700	-
-	430	-	430	-
-	311,250	311,250	-	-
-	569,500	569,500	-	-
-	1,223,837	880,750	31,130	311,957
712	312,669	-	-	312,669
5,200	5,200	-	5,200	-
-	13,076	-	13,076	-
-	221,541	26,759	194,782	-
85,200	85,200	-	85,200	-
-	104	-	104	-
-	2,717,300	-	2,717,300	-
-	985	541	444	-
14,538	16,344	16,344	-	-
63,845	101,345	21,432	79,913	-
-	40,000	15,640	24,360	-
-	138,244	76,378	61,866	-
-	1,082,500	1,080,000	2,500	-
-	37,750	1,616	36,134	-
36,545	36,545	-	36,545	-
206,040	4,808,803	1,238,710	3,257,424	312,669

(Continued)

CITY OF NEWTON, MASSACHUSETTS  
COMMUNITY PRESERVATION FUND  
SCHEDULE OF EXPENDITURES AND TRANSFERS OUT  
BUDGET TO ACTUAL - LEGAL LEVEL OF CONTROL (CONTINUED)

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Continued Appropriations</u>	<u>Current Year Appropriations</u>	<u>Original Budget</u>
<b>Community housing:</b>			
Community housing reserve	-	311,957	311,957
192 Lexington Street housing	-	-	-
2148-2150 Commonwealth Avenue housing	-	-	-
Newton Homebuyer Assistance Program II	863,164	-	863,164
Total - community housing	<u>863,164</u>	<u>311,957</u>	<u>1,175,121</u>
<b>Community recreation:</b>			
20 Rogers Street debt service	-	337,238	337,238
Albemarle community classroom - Parks	12,929	-	12,929
Cheesecake Brook Greenway development	2,400	-	2,400
Angino farm barn rehabilitation	-	-	-
Total - community recreation	<u>15,329</u>	<u>337,238</u>	<u>352,567</u>
<b>TOTAL CPA FUND</b>	<u>\$ 5,200,429</u>	<u>\$ 3,119,567</u>	<u>\$ 8,319,996</u>

<u>Budget Revisions</u>	<u>Final Budget</u>	<u>Expended</u>	<u>Encumbrances/ Continued Appropriations</u>	<u>Closed to Fund Balance</u>
(311,957)	-	-	-	-
2,046,000	2,046,000	-	2,046,000	-
375,000	375,000	-	375,000	-
-	863,164	233,533	629,631	-
<u>2,109,043</u>	<u>3,284,164</u>	<u>233,533</u>	<u>3,050,631</u>	<u>-</u>
-	337,238	337,238	-	-
-	12,929	-	12,929	-
-	2,400	2,400	-	-
482,800	482,800	-	482,800	-
<u>482,800</u>	<u>835,367</u>	<u>339,638</u>	<u>495,729</u>	<u>-</u>
<u>\$ 2,728,838</u>	<u>\$ 11,048,834</u>	<u>\$ 2,793,475</u>	<u>\$ 6,836,539</u>	<u>\$ 1,418,820</u>

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## **Additional Information**

CITY OF NEWTON, MASSACHUSETTS  
CAPITAL PROJECTS FUND  
SCHEDULE OF EXPENDITURES AND TRANSFERS OUT  
BUDGET TO ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Continued Appropriations	FY 2010 Appropriations	Transfers
<b>School Building Improvement Fund:</b>			
Newton South High Athletic Field Improvements	\$ 4,697,564	\$ -	\$ -
Brown Middle School Window & Door Replacement	144,634	-	(54,003)
Burr Elementary Window Replacement	-	650,000	-
Education Center Emergency Generator Replacement	-	202,000	-
Williams Boiler Replacement	-	200,000	-
Countryside Elevator Lift	-	150,000	-
Peirce Elementary School Repairs	90,214	-	98,914
F.A Day HVAC Improvements	984,827	120,770	(120,770)
F.A Day/Oak Hill Modulars	-	1,400,000	-
Underwood Boiler Replacement	-	-	-
Angier School Boiler Replacement	215,238	-	-
<b>Total School Building Improvement Fund</b>	<u>6,132,477</u>	<u>2,722,770</u>	<u>(75,859)</u>
<b>High School Renovation Fund:</b>			
Newton South High School Renovations	18,054	-	-
Newton North High School Renovations	97,344,711	-	-
<b>Total High School Renovation Fund</b>	<u>97,362,765</u>	<u>-</u>	<u>-</u>
<b>Municipal Building Improvement Fund:</b>			
City Hall Boiler Replacement	33,322	-	(243)
Energy Audits - Various Buildings	82,000	85,400	-
Energy Conservation - Various Buildings	-	3,670,000	-
Crafts St DPW Yard Fuel Tank Replacement	-	453,000	-
Various Fire Station Repairs/Fire Alarms	77,594	-	(29,282)
Fire Station # 7 Renovations	259,063	4,426,000	-
Fire Station # 4 Renovations	92,015	115,243	14,600
Fire Station # 4 Renovations	912,856	(3,243)	(1)
Tier I Fire Station Improvements	4,471	-	(4,471)
<b>Total Municipal Building Improvement Fund</b>	<u>1,461,321</u>	<u>8,746,400</u>	<u>(19,397)</u>
<b>CH 90 Highway Improvement Fund:</b>			
MA 3246207	166,641	-	-
MA 0035509	22,650	-	-
MA 0044606	40,000	-	-
MA 0048380	108,994	-	-
MA 0050910	4,073,048	1,778,377	-
<b>Total CH 90 Highway Improvement Fund</b>	<u>4,411,333</u>	<u>1,778,377</u>	<u>-</u>
<b>Street &amp; Sidewalk Improvement Fund:</b>			
Bencliffe Circle Improvements - 2009	69,132	-	(2,958)
Street Light Replacement - 2007	15,175	-	(15,175)
<b>Total Street &amp; Sidewalk Improvement Fund</b>	<u>84,307</u>	<u>-</u>	<u>(18,133)</u>
<b>Municipal Equipment Replacement Fund:</b>			
Public Works Equipment Replacement - 2009	600,000	-	-
Parks Equipment Replacement - 2009	48,684	-	-
Automated Trash & Recycling Receptacles - 2009	2,560,000	-	-
Trommel Screen - 2010	-	170,000	-
Fire Ladder Replacement - 2008	43,400	-	-
Fire Engine Replacement - 2008	18,158	-	-
Fire Engine Replacement - 2010	-	500,000	-
Fire Equipment Replacement - 2006	18,266	-	-
<b>Total Municipal Equipment Replacement Fund</b>	<u>3,288,508</u>	<u>670,000</u>	<u>-</u>

	Expended	Encumbered	Following Year Budget	Balance
\$	3,902,905	\$ 34,309	\$ -	\$ 760,350
	90,631	-	-	-
	30,600	-	-	619,400
	-	-	-	202,000
	12,165	-	-	187,835
	4,750	-	-	145,250
	-	-	-	189,128
	525,608	454,069	-	5,150
	136,429	1,050,354	-	213,217
	-	-	-	-
	131,914	36,075	-	47,249
	<u>4,835,002</u>	<u>1,574,807</u>	<u>-</u>	<u>2,369,579</u>
	-	18,054	-	-
	<u>63,846,875</u>	<u>26,161,603</u>	<u>-</u>	<u>7,336,233</u>
	<u>63,846,875</u>	<u>26,179,657</u>	<u>-</u>	<u>7,336,233</u>
	33,079	-	-	-
	2,330	-	-	165,070
	501,399	3,149,307	-	19,294
	66,907	-	-	386,093
	48,312	-	-	-
	281,487	3,437,962	-	965,614
	206,896	-	-	14,962
	909,612	-	-	-
	-	-	-	-
	<u>2,050,022</u>	<u>6,587,269</u>	<u>-</u>	<u>1,551,033</u>
	-	-	-	166,641
	-	-	-	22,650
	15,440	24,560	-	-
	23,953	-	-	85,041
	<u>1,908,954</u>	<u>243,671</u>	<u>-</u>	<u>3,698,800</u>
	<u>1,948,347</u>	<u>268,231</u>	<u>-</u>	<u>3,973,132</u>
	66,174	-	-	-
	-	-	-	-
	<u>66,174</u>	<u>-</u>	<u>-</u>	<u>-</u>
	600,000	-	-	-
	39,298	-	-	9,386
	1,891,846	17,552	-	650,602
	-	-	-	170,000
	43,400	-	-	-
	18,158	-	-	-
	491,931	-	-	8,069
	18,266	-	-	-
	<u>3,102,899</u>	<u>17,552</u>	<u>-</u>	<u>838,057</u>

(Continued)

CITY OF NEWTON, MASSACHUSETTS  
CAPITAL PROJECTS FUND  
SCHEDULE OF EXPENDITURES AND TRANSFERS OUT  
BUDGET TO ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Continued Appropriations	FY 2010 Appropriations	Transfers
<b>Water System Improvement Fund:</b>			
MWRA - Water System - Accumulated Interest Income	641,467	(631,746)	-
MWRA - Water System Improvements - Loan of 2004	195,601	-	-
MWRA - Water System Improvements - Loan of 2005	352	-	-
MWRA - Water System Improvements - Loan of 2006	175,551	-	-
MWRA - Water System Improvements - Loan of 2007	604,824	-	-
MWRA - Water system Improvements - II Transfer	217,401	-	-
MWRA - Water System Improvements - Loan of 2009	3,600,000	-	-
MWRA - Water System Improvements - III Transfer	-	664,379	-
MWRA - Water System Improvements - Loan of 2010	-	2,224,400	-
Water Meter Replacement	11,528,000	-	-
Waban Hill Reservoir Improvements - 2001 / 2003	276,286	-	-
<b>Total Water System Improvement Fund</b>	<u>17,239,482</u>	<u>2,257,033</u>	<u>-</u>
<b>Sanitary Sewer Improvement Fund:</b>			
Sewer Emergency Repairs (City of Newton)	10,000	-	-
Cochituate Sewer Repair (Town of Wellesley Contb)	135,478	-	-
Oakdale Rd Sewer Improvements - 2010	-	106,500	-
Farina Rd Sewer Improvements - 2010	-	106,500	-
Irving St Sewer Improvements - 2010	-	116,500	-
Old Farm Rd Sewer Improvements - 2010	-	170,500	-
MWRA - Sewer I&I - Accumulated Interest Income	242,350	19,198	(253,192)
MWRA - Infiltration/Inflow - 2007	117,892	-	-
MWRA - Infiltration/Inflow - 2007	330,574	-	-
MWRA - Infiltration/Inflow - 2008	269,301	-	-
MWRA - Infiltration/Inflow - 2008	59	-	-
MWRA - Infiltration/Inflow - 2009	933,880	-	-
MWRA - Infiltration/Inflow - 2009	1,435,244	-	-
MWRA - Infiltration/Inflow - 2010	-	430,000	253,192
<b>Total Sanitary Sewer Improvement Fund</b>	<u>3,474,778</u>	<u>949,198</u>	<u>-</u>
<b>Capital Stabilization Fund:</b>			
Reserved for MGL CH 44 Sec 7& 8 Appropriations	61,153	-	51,069
Reserved for Water/Sewer Appropriations	105,000	-	-
Designated for Capital Plan	16,185,792	-	(827,673)
Designated for Fire Station Renovations	106,794	11,739	-
Designated for Ordinary Capital Appropriations	229,852	-	(140,516)
<b>Total Capital Stabilization Fund</b>	<u>16,688,591</u>	<u>11,739</u>	<u>(917,120)</u>
<b>Total Capital Projects Funds</b>	<u>\$ 150,143,562</u>	<u>\$ 17,135,517</u>	<u>\$ (1,030,509)</u>

<u>Expended</u>	<u>Encumbered</u>	<u>Following Year Budget</u>	<u>Balance</u>
-	-	-	9,721
195,601	-	-	-
(86,818)	-	-	87,170
89,733	85,818	-	-
562,814	42,010	-	-
217,401	-	-	-
1,720,159	1,879,841	-	-
-	547,054	-	117,325
34,587	157,913	-	2,031,900
3,049,917	6,519,627	-	1,958,456
21,475	6,525	-	248,286
<u>5,804,869</u>	<u>9,238,788</u>	<u>-</u>	<u>4,452,858</u>
-	-	-	10,000
-	-	-	135,478
56,000	-	-	50,500
48,858	7,142	-	50,500
-	56,052	-	60,448
-	170,500	-	-
-	-	-	8,356
11,208	106,625	-	59
22,565	308,009	-	-
-	269,301	-	-
59	-	-	-
20,475	913,400	-	5
782,465	648,775	-	4,004
-	683,192	-	-
<u>941,630</u>	<u>3,162,996</u>	<u>-</u>	<u>319,350</u>
-	-	-	112,222
-	-	-	105,000
-	5,731,710	-	9,626,409
-	-	-	118,533
-	-	-	89,336
<u>-</u>	<u>5,731,710</u>	<u>-</u>	<u>10,051,500</u>
<u>\$ 82,595,818</u>	<u>\$ 52,761,010</u>	<u>\$ -</u>	<u>\$ 30,891,742</u>

(Concluded)

CITY OF NEWTON, MASSACHUSETTS  
SEWER ENTERPRISE FUND  
SCHEDULE OF EXPENDITURES AND TRANSFERS OUT  
BUDGET TO ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Continued Appropriations	FY 2010 Original Budget	FY 2010 Budget Revisions
Sewer Maintenance & Operation			
Personal Services	\$ 78,000	\$ 2,156,435	\$ 106,765
Expenses	6,246	1,341,150	-
Capital Outlay	44,856	1,085,550	(50)
Fringe Benefits	-	445,173	(6,765)
Total	<u>129,102</u>	<u>5,028,308</u>	<u>99,950</u>
MWRA Sewer Assessment			
Intergovernmental	<u>-</u>	<u>17,808,175</u>	<u>(100,000)</u>
Debt Maturities & Interest	<u>-</u>	<u>1,636,744</u>	<u>(386,950)</u>
Retirement	<u>-</u>	<u>370,738</u>	<u>-</u>
Transfer - Workers Compensation Fund	<u>-</u>	<u>150,000</u>	<u>-</u>
Transfer - General Fund	<u>-</u>	<u>825,712</u>	<u>-</u>
<b>Total Sewer Enterprise Fund</b>	<u>\$ 129,102</u>	<u>\$ 25,819,677</u>	<u>\$ (387,000)</u>

<u>FY 2010 Budget As Amended</u>	<u>Total Revised FY 2010 Budget</u>	<u>Expended</u>	<u>Encumbrances/ Continued Appropriations</u>	<u>Closed to Fund Balance</u>
\$ 2,263,200	\$ 2,341,200	\$ 2,289,289	\$ -	\$ 51,911
1,341,150	1,347,396	898,002	143,820	305,574
1,085,500	1,130,356	154,127	510,660	465,569
438,408	438,408	418,436	-	19,972
<u>5,128,258</u>	<u>5,257,360</u>	<u>3,759,854</u>	<u>654,480</u>	<u>843,026</u>
<u>17,708,175</u>	<u>17,708,175</u>	<u>17,548,082</u>	<u>-</u>	<u>160,093</u>
<u>1,249,794</u>	<u>1,249,794</u>	<u>1,241,504</u>	<u>-</u>	<u>8,290</u>
<u>370,738</u>	<u>370,738</u>	<u>325,828</u>	<u>-</u>	<u>44,910</u>
<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>-</u>	<u>-</u>
<u>825,712</u>	<u>825,712</u>	<u>825,712</u>	<u>-</u>	<u>-</u>
<u>\$ 25,432,677</u>	<u>\$ 25,561,779</u>	<u>\$ 23,850,980</u>	<u>\$ 654,480</u>	<u>\$ 1,056,319</u>

CITY OF NEWTON, MASSACHUSETTS  
WATER ENTERPRISE FUND  
SCHEDULE OF EXPENDITURES AND TRANSFERS OUT  
BUDGET TO ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Continued <u>Appropriations</u>	FY 2010 <u>Original Budget</u>	FY 2010 <u>Budget Revisions</u>
Water Maintenance & Operation			
Personal Services	\$ 129,325	\$ 1,865,926	\$ 6,514
Expenses	234,029	968,489	-
Capital Outlay	104,179	10,000	191,000
Fringe Benefits	-	580,857	(197,514)
Total	<u>467,533</u>	<u>3,425,272</u>	<u>-</u>
Debt Maturities & Interest	<u>-</u>	<u>2,745,663</u>	<u>387,000</u>
Retirement	<u>-</u>	<u>452,268</u>	<u>-</u>
MWRA/DEP Assessments & Charges	<u>-</u>	<u>8,699,039</u>	<u>-</u>
Transfer - Sewer Fund	<u>-</u>	<u>683,111</u>	<u>-</u>
Transfer - General Fund	<u>-</u>	<u>550,475</u>	<u>-</u>
Transfer - Workers Compensation Fund	<u>-</u>	<u>150,000</u>	<u>-</u>
<b>Total Water Enterprise Fund</b>	<b>\$ <u>467,533</u></b>	<b>\$ <u>16,705,828</u></b>	<b>\$ <u>387,000</u></b>

<u>FY 2010 Budget As Amended</u>	<u>Total Revised FY 2010 Budget</u>	<u>Expended</u>	<u>Encumbrances/ Continued Appropriations</u>	<u>Closed to Fund Balance</u>
\$ 1,872,440	\$ 2,001,765	\$ 1,821,241	\$ -	\$ 180,524
968,489	1,202,518	774,247	239,119	189,152
201,000	305,179	68,820	142,940	93,419
383,343	383,343	376,498	-	6,845
<u>3,425,272</u>	<u>3,892,805</u>	<u>3,040,806</u>	<u>382,059</u>	<u>469,940</u>
<u>3,132,663</u>	<u>3,132,663</u>	<u>2,944,214</u>	<u>-</u>	<u>188,449</u>
<u>452,268</u>	<u>452,268</u>	<u>335,109</u>	<u>-</u>	<u>117,159</u>
<u>8,699,039</u>	<u>8,699,039</u>	<u>8,691,880</u>	<u>-</u>	<u>7,159</u>
<u>683,111</u>	<u>683,111</u>	<u>683,111</u>	<u>-</u>	<u>-</u>
<u>550,475</u>	<u>550,475</u>	<u>550,475</u>	<u>-</u>	<u>-</u>
<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>-</u>	<u>-</u>
<u>\$ 17,092,828</u>	<u>\$ 17,560,361</u>	<u>\$ 16,395,595</u>	<u>\$ 382,059</u>	<u>\$ 782,707</u>



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# ***STATISTICAL SECTION***

This part of the City of Newton's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

## Financial Trends (pages 118 - 123)

*These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.*

## Revenue Capacity (pages 124 - 127)

*These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.*

## Debt Capacity (pages 128 - 131)

*These schedules contain information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.*

## Demographic and Economic Information (page 132)

*This schedule offers demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.*

## Operating Information (pages 133 - 134)

*These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.*

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**NET ASSETS BY COMPONENT**  
(ACCRUAL BASIS OF ACCOUNTING)

LAST NINE FISCAL YEARS\*

	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Governmental Activities</b>									
Invested in capital assets, net of related debt..	\$ 70,967,240	\$ 92,639,519	\$ 123,155,756	\$ 153,522,317	\$ 153,034,916	\$ 167,543,474	\$ 174,706,210	\$ 150,650,131	\$ 194,301,691
Restricted.....	29,282,090	13,669,675	14,029,054	21,270,042	15,267,985	13,842,544	35,459,940	104,838,430	52,363,403
Unrestricted.....	26,813,182	24,407,942	34,366,681	35,865,065	48,962,078	67,671,362	39,781,710	(2,265,544)	(27,083,933)
<b>Total governmental activities net assets.....</b>	<b>\$ 127,062,512</b>	<b>\$ 130,717,136</b>	<b>\$ 171,551,491</b>	<b>\$ 210,657,424</b>	<b>\$ 217,264,979</b>	<b>\$ 249,057,380</b>	<b>\$ 249,947,860</b>	<b>\$ 253,223,017</b>	<b>\$ 219,581,161</b>
<b>Business-Type Activities</b>									
Invested in capital assets, net of related debt..	\$ 24,654,154	\$ 34,035,510	\$ 29,625,363	\$ 29,802,672	\$ 31,085,365	\$ 32,701,330	\$ 46,364,172	\$ 32,694,954	\$ 38,627,779
Restricted.....	5,211,172	6,475,918	6,624,240	8,410,167	9,007,804	10,418,683	6,581,929	15,657,948	13,497,989
Unrestricted.....	17,473,387	8,628,722	11,841,840	11,936,815	13,583,611	13,295,771	9,359,270	12,871,360	9,980,661
<b>Total business-type activities net assets.....</b>	<b>\$ 47,338,713</b>	<b>\$ 49,140,150</b>	<b>\$ 48,094,443</b>	<b>\$ 50,149,654</b>	<b>\$ 53,676,780</b>	<b>\$ 56,415,784</b>	<b>\$ 62,305,371</b>	<b>\$ 61,224,262</b>	<b>\$ 62,106,429</b>
<b>Primary Government</b>									
Invested in capital assets, net of related debt..	\$ 95,621,394	\$ 126,675,029	\$ 152,781,119	\$ 183,324,989	\$ 184,120,281	\$ 200,244,801	\$ 221,070,382	\$ 183,345,085	\$ 232,929,470
Restricted.....	34,493,262	20,145,593	20,653,294	29,680,209	24,275,789	24,261,227	42,041,869	120,496,378	65,861,392
Unrestricted.....	44,286,569	33,036,664	46,211,521	47,801,880	62,545,689	80,967,133	49,140,980	10,605,816	(17,103,272)
<b>Total primary government net assets.....</b>	<b>\$ 174,401,225</b>	<b>\$ 179,857,286</b>	<b>\$ 219,645,934</b>	<b>\$ 260,807,078</b>	<b>\$ 270,941,759</b>	<b>\$ 305,473,164</b>	<b>\$ 312,253,231</b>	<b>\$ 314,447,279</b>	<b>\$ 281,687,590</b>

\* Data is being accumulated from fiscal year 2002 forward.

**GOVERNMENTAL ACTIVITIES**  
CHANGES IN NET ASSETS (ACCRUAL BASIS OF ACCOUNTING)

LAST NINE FISCAL YEARS\*

	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Expenses</b>									
General government.....	\$ 17,788,044	\$ 19,132,571	\$ 20,594,439	\$ 19,275,760	\$ 24,609,259	\$ 20,617,999	\$ 25,791,496	\$ 22,581,716	\$ 24,623,302
Public safety.....	45,465,764	40,635,284	40,102,814	41,690,193	43,062,252	44,207,931	48,896,370	52,614,816	52,168,801
Education.....	134,259,240	157,020,633	162,268,826	175,722,669	181,638,581	188,026,627	218,716,994	236,024,500	245,946,308
Public works.....	18,502,301	18,987,391	19,755,181	23,440,299	21,666,417	21,643,562	25,208,763	27,229,098	26,138,843
Health and human services.....	10,378,352	9,119,333	8,470,667	8,864,530	8,979,409	9,273,626	9,980,301	10,463,388	10,672,057
Culture and recreation.....	11,873,650	11,805,253	12,252,669	14,253,032	13,802,334	13,471,254	15,864,538	16,806,140	16,245,112
Other.....	-	-	-	-	-	-	24,080	-	-
Debt service - interest.....	2,122,459	2,055,115	2,121,882	2,570,332	2,350,756	2,237,287	2,494,422	4,375,013	7,234,167
<b>Total expenses.....</b>	<b>240,389,810</b>	<b>258,755,580</b>	<b>265,566,478</b>	<b>285,816,815</b>	<b>296,109,008</b>	<b>299,478,286</b>	<b>346,976,964</b>	<b>370,094,671</b>	<b>383,028,590</b>
<b>Program Revenues</b>									
Charges for services.....	18,114,260	19,697,646	19,253,150	20,056,263	21,298,907	22,854,391	21,185,123	21,413,394	20,969,889
Operating grants and contributions.....	40,775,454	44,209,235	43,365,401	48,562,260	50,529,662	54,150,398	60,500,259	66,344,326	65,706,164
Capital grants and contributions.....	6,420,028	2,686,298	1,810,615	36,589,529	642,315	11,118,572	21,684,895	30,179,116	1,960,084
<b>Total program revenues.....</b>	<b>65,309,742</b>	<b>66,593,179</b>	<b>64,429,166</b>	<b>105,208,052</b>	<b>72,470,884</b>	<b>88,123,361</b>	<b>103,370,277</b>	<b>117,936,836</b>	<b>88,636,137</b>
<b>Net (expense)/revenue.....</b>	<b>(175,080,068)</b>	<b>(192,162,401)</b>	<b>(201,137,312)</b>	<b>(180,608,763)</b>	<b>(223,638,124)</b>	<b>(211,354,925)</b>	<b>(243,606,687)</b>	<b>(252,157,835)</b>	<b>(294,392,453)</b>
<b>General Revenues and Other Changes in Net Assets</b>									
Real estate and personal property taxes.....	160,622,246	178,891,217	187,446,868	192,457,450	200,966,839	209,105,186	211,886,334	226,800,860	232,774,689
Motor vehicle and other excise taxes.....	10,108,340	10,006,839	10,537,142	11,202,714	10,803,654	10,396,428	10,859,789	10,479,922	9,860,220
Hotel/motel taxes.....	1,291,950	1,151,838	851,157	979,194	1,060,052	1,138,921	1,103,549	1,108,199	1,168,095
Meal taxes.....	-	-	-	-	-	-	-	-	382,934
Penalties and interest on taxes.....	791,560	1,027,184	957,072	1,166,429	830,030	1,049,712	1,055,344	1,223,300	1,026,507
Payments in lieu of taxes.....	1,190,418	449,556	340,010	529,600	553,920	2,851,122	767,439	273,359	3,270,902
Community preservation surcharges.....	1,522,800	1,813,888	1,829,757	1,893,219	1,963,982	2,032,942	2,114,805	2,193,701	2,288,314
Grants and contributions not restricted to specific programs.....	7,319,604	6,447,414	7,572,440	7,988,751	8,353,727	9,289,181	8,705,545	7,435,280	5,891,287
Unrestricted investment income.....	2,185,703	1,485,848	949,028	1,687,125	3,290,981	4,757,698	4,306,424	2,610,098	934,313
Gain (Loss) on sale of capital assets.....	-	-	(48,600)	36,000	10,702	-	-	-	24,347
Other.....	214,750	665,612	1,065,172	554,259	1,133,664	1,302,478	2,522,970	1,761,048	1,752,802
Transfers, net.....	999,141	1,230,245	1,305,717	1,219,955	1,278,128	1,223,658	1,264,968	1,457,225	1,376,187
<b>Total general revenues and other changes in net assets.....</b>	<b>186,246,512</b>	<b>203,169,641</b>	<b>212,805,763</b>	<b>219,714,696</b>	<b>230,245,679</b>	<b>243,147,326</b>	<b>244,587,167</b>	<b>255,342,992</b>	<b>260,750,597</b>
<b>Change in net assets.....</b>	<b>\$ 11,166,444</b>	<b>\$ 11,007,240</b>	<b>\$ 11,668,451</b>	<b>\$ 39,105,933</b>	<b>\$ 6,607,555</b>	<b>\$ 31,792,401</b>	<b>\$ 980,480</b>	<b>\$ 3,185,157</b>	<b>\$ (33,641,856)</b>

\* Data is being accumulated from fiscal year 2002 forward.

**BUSINESS-TYPE ACTIVITIES**  
**CHANGES IN NET ASSETS (ACCRUAL BASIS OF ACCOUNTING)**

LAST NINE FISCAL YEARS\*

	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Expenses</b>									
Sewer	\$ 17,206,366	\$ 17,749,399	\$ 18,167,283	\$ 17,891,749	\$ 18,404,780	\$ 20,033,778	\$ 21,208,637	\$ 21,879,634	\$ 23,347,392
Water	8,144,940	9,138,695	9,465,285	10,045,997	10,939,117	11,467,734	12,212,234	13,623,595	13,780,687
Total expenses	25,351,306	26,888,094	27,632,568	27,937,746	29,343,897	31,501,532	33,420,871	35,503,229	37,128,079
<b>Program Revenues</b>									
Charges for services	31,690,684	28,393,528	27,032,083	29,763,876	32,981,905	33,084,089	39,034,143	33,761,633	38,405,378
Operating grants and contributions	4,141,117	900,806	758,501	1,289,586	838,241	835,397	814,428	857,561	732,948
Capital grants and contributions	300,075	609,076	51,994	159,450	329,005	1,544,708	726,855	1,260,151	245,331
Total program revenues	36,131,876	29,903,410	27,842,578	31,212,912	34,149,151	35,464,194	40,575,426	35,879,345	39,383,657
Net (expense)/revenue	10,780,570	3,015,316	210,010	3,275,166	4,805,254	3,962,662	7,154,555	376,116	2,255,578
<b>General Revenues and Transfers</b>									
Gain on sale of capital asset									2,776
Transfers, net	(949,141)	(1,131,230)	(1,255,717)	(1,219,955)	(1,278,128)	(1,223,658)	(1,264,968)	(1,457,225)	(1,376,187)
Change in net assets	\$ 9,831,429	\$ 1,884,086	\$ (1,045,707)	\$ 2,055,211	\$ 3,527,126	\$ 2,739,004	\$ 5,889,587	\$ (1,081,109)	\$ 882,167

\* Data is being accumulated from fiscal year 2002 forward

**PRIMARY GOVERNMENT**  
**CHANGES IN NET ASSETS (ACCRUAL BASIS OF ACCOUNTING)**

LAST NINE FISCAL YEARS\*

	2002	2003	2004	2005	2006	2007	2008	2009	2010
Total expenses.....	\$ 265,741,116	\$ 285,643,674	\$ 293,199,046	\$ 313,754,561	\$ 325,918,453	\$ 330,979,818	\$ 380,397,835	\$ 405,597,900	\$ 420,156,669
Total program revenues.....	101,441,618	96,496,589	92,271,744	136,420,964	107,200,814	123,587,555	143,945,703	153,816,181	128,019,794
Net (expense)/revenue.....	(164,299,498)	(189,147,085)	(200,927,302)	(177,333,597)	(218,717,639)	(207,392,263)	(236,452,132)	(251,781,719)	(292,136,875)
Total general revenues, transfers and other changes in net assets.....	185,297,371	202,038,411	211,550,046	218,494,741	228,967,551	241,923,668	243,322,199	253,885,767	259,377,186
<b>Change in net assets.....</b>	<b>\$ 20,997,873</b>	<b>\$ 12,891,326</b>	<b>\$ 10,622,744</b>	<b>\$ 41,161,144</b>	<b>\$ 10,249,912</b>	<b>\$ 34,531,405</b>	<b>\$ 6,870,067</b>	<b>\$ 2,104,048</b>	<b>\$ (32,759,689)</b>

\* Data is being accumulated from fiscal year 2002 forward.

**GOVERNMENTAL FUNDS**  
**FUND BALANCES (MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

LAST NINE FISCAL YEARS\*

	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>General Fund</b>									
Reserved.....	\$ 4,089,296	\$ 4,049,314	\$ 5,125,252	\$ 3,696,513	\$ 4,177,720	\$ 3,884,714	\$ 3,091,164	\$ 4,595,043	\$ 5,746,263
Unreserved.....	11,349,447	13,111,188	12,161,196	10,125,954	16,117,152	19,724,693	16,342,052	15,574,235	13,566,282
<b>Total general fund.....</b>	<b>\$ 15,438,743</b>	<b>\$ 17,160,502</b>	<b>\$ 17,286,448</b>	<b>\$ 13,822,467</b>	<b>\$ 20,294,872</b>	<b>\$ 23,609,407</b>	<b>\$ 19,433,216</b>	<b>\$ 20,169,278</b>	<b>\$ 19,312,545</b>
<b>All Other Governmental Funds</b>									
Reserved.....	\$ 795,000	\$ 28,792,926	\$ 4,675,240	\$ 7,188,858	\$ 7,333,993	\$ 6,181,835	\$ 7,904,778	\$ 8,153,969	\$ 25,926,689
Unreserved, reported in:									
Special revenue funds.....	7,237,334	7,369,358	8,108,905	7,651,781	6,828,092	7,213,248	10,478,029	13,253,604	10,704,933
Capital projects funds.....	(11,417,544)	(46,879,322)	(39,972,245)	(9,421,471)	1,450,147	17,319,824	38,560,162	93,303,737	28,167,213
Permanent funds.....	977,907	923,315	868,171	1,012,798	874,461	925,527	817,614	736,678	740,024
<b>Total all other governmental funds.....</b>	<b>\$ (2,407,303)</b>	<b>\$ (9,793,723)</b>	<b>\$ (26,319,929)</b>	<b>\$ 6,431,966</b>	<b>\$ 16,486,693</b>	<b>\$ 31,640,454</b>	<b>\$ 57,760,583</b>	<b>\$ 115,447,988</b>	<b>\$ 65,538,859</b>

\* Data is being accumulated from fiscal year 2002 forward.

**GOVERNMENTAL FUNDS**  
CHANGES IN FUND BALANCES (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

LAST NINE FISCAL YEARS\*

	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>REVENUES</b>									
Real estate and personal property taxes	\$ 160,230,063	\$ 179,025,142	\$ 187,056,486	\$ 192,554,388	\$ 200,165,525	\$ 207,245,638	\$ 211,435,422	\$ 224,437,442	\$ 233,726,177
Motor vehicle and other excise taxes	9,848,559	10,645,450	10,258,795	11,467,867	11,298,282	10,197,596	11,131,712	10,098,579	10,222,534
Hotel/motel tax	1,291,950	1,151,838	851,157	979,194	1,060,052	1,138,921	1,103,549	1,108,199	1,168,095
Meals tax	-	-	-	-	-	-	-	-	382,934
Payments in lieu of taxes	309,695	377,867	340,010	394,563	418,202	411,841	358,957	489,108	3,095,059
Community preservation surcharges	1,522,800	1,768,225	1,830,144	1,878,091	1,978,999	2,027,379	2,107,392	2,207,442	2,296,523
Charges for services	9,992,038	11,242,611	11,847,663	11,765,238	11,895,186	14,110,021	14,088,742	14,209,678	14,821,694
Intragovernmental	49,874,632	53,219,152	55,057,266	85,837,606	60,266,994	75,564,011	78,760,492	122,879,420	75,443,460
Special assessments	-	-	-	-	-	215,216	157,281	218,438	158,481
Penalties and interest on taxes	791,560	1,027,184	957,072	1,225,224	830,030	1,049,712	1,055,344	1,223,300	1,026,507
Licenses and permits	4,485,956	4,566,185	4,896,721	4,991,489	7,172,004	5,764,582	4,928,179	4,575,496	4,564,508
Fines and forfeitures	1,820,973	1,717,200	1,916,239	1,987,816	2,002,406	1,850,503	1,899,661	2,022,175	2,101,518
Contributions	978,344	1,368,799	645,007	1,462,588	1,187,036	796,807	1,395,023	1,320,527	1,185,340
Investment income	1,695,643	1,315,562	1,031,017	1,985,227	3,362,563	4,960,859	4,435,423	2,642,189	1,016,818
Miscellaneous/other	945,986	1,278,662	678,394	588,220	1,326,054	947,985	1,813,990	1,686,507	667,540
<b>TOTAL REVENUES</b>	<b>243,788,199</b>	<b>268,703,877</b>	<b>277,365,971</b>	<b>317,117,501</b>	<b>302,963,333</b>	<b>326,281,071</b>	<b>334,671,167</b>	<b>389,118,500</b>	<b>351,877,197</b>
<b>EXPENDITURES</b>									
<b>Current</b>									
General government	15,249,553	17,364,672	24,829,089	20,272,046	21,671,422	18,456,441	22,190,508	21,756,050	22,007,737
Public safety	29,706,902	31,900,736	33,442,336	33,467,775	33,207,890	36,540,065	36,960,093	37,438,138	37,999,263
Education	143,450,681	158,405,020	158,699,064	156,983,456	157,219,646	166,363,295	202,577,476	252,917,406	254,430,394
Public works	17,448,356	19,195,401	20,323,463	23,574,662	20,074,536	23,001,792	24,844,231	24,944,049	26,357,440
Health and human services	4,692,835	3,763,331	3,215,469	3,565,435	3,594,966	4,054,211	3,980,849	4,080,313	4,305,785
Culture and recreation	9,670,437	10,462,029	11,044,089	12,376,821	12,156,563	14,441,900	12,837,823	12,438,606	12,637,414
Retirement benefits	26,054,970	29,244,524	32,609,146	36,643,546	39,366,562	42,079,639	44,134,609	47,480,693	49,940,948
Property and liability insurance	1,367,674	1,464,628	1,638,348	1,596,923	1,621,121	1,666,576	1,690,977	1,891,488	1,676,169
Claims and judgments	189,509	118,032	290,227	176,472	214,058	143,335	97,254	250,509	100,453
Health insurance subsidy	-	-	-	-	-	173,495	-	-	-
Other	-	-	-	-	-	-	24,080	-	-
State and county charges	5,142,581	5,081,422	5,086,760	5,045,783	5,209,013	5,375,365	5,512,027	5,453,169	5,619,317
Debt service:									
Principal	4,884,800	4,878,900	4,281,100	5,118,200	5,595,500	8,472,050	6,146,900	7,652,100	8,548,500
Interest	1,716,690	1,929,122	2,744,328	2,483,216	2,215,170	2,129,315	2,378,302	3,694,574	7,079,256
<b>TOTAL EXPENDITURES</b>	<b>259,574,988</b>	<b>283,807,817</b>	<b>298,203,419</b>	<b>301,304,335</b>	<b>302,146,447</b>	<b>322,897,499</b>	<b>363,384,129</b>	<b>419,997,095</b>	<b>430,702,676</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(15,786,789)</b>	<b>(15,103,940)</b>	<b>(20,837,448)</b>	<b>15,813,166</b>	<b>816,886</b>	<b>3,383,572</b>	<b>(28,712,962)</b>	<b>(30,878,595)</b>	<b>(78,825,479)</b>
<b>OTHER FINANCING SOURCES (USES)</b>									
Transfers in	6,456,951	8,254,035	9,279,721	7,768,303	8,195,281	9,793,750	12,584,287	15,539,377	8,860,150
Proceeds of bonds and notes	4,910,000	5,700,000	5,000,000	11,500,000	13,835,000	10,600,000	48,792,000	86,010,000	25,548,000
Premium from issuance of bonds and notes	-	-	375,267	406,462	293,090	92,732	262,441	1,557,255	815,357
Sale of capital assets	-	-	-	36,000	26,446	40,752	49,909	-	42,491
Transfers out	(5,342,810)	(7,023,790)	(7,697,615)	(6,236,017)	(6,639,571)	(8,292,510)	(11,031,737)	(13,804,570)	(7,206,381)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>6,024,141</b>	<b>6,930,245</b>	<b>6,957,373</b>	<b>13,474,748</b>	<b>15,710,246</b>	<b>12,234,724</b>	<b>50,656,900</b>	<b>89,302,062</b>	<b>28,059,617</b>
<b>EXTRAORDINARY ITEM</b>									
Proceeds of structured settlement contract	-	-	-	-	-	2,850,000	-	-	-
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ (9,762,648)</b>	<b>\$ (8,173,695)</b>	<b>\$ (13,880,075)</b>	<b>\$ 29,287,914</b>	<b>\$ 16,527,132</b>	<b>\$ 18,468,296</b>	<b>\$ 21,943,938</b>	<b>\$ 58,423,467</b>	<b>\$ (50,765,862)</b>
<b>DEBT SERVICE EXPENDITURES AS A PERCENTAGE OF NONCAPITAL EXPENDITURES</b>	<b>2.5%</b>	<b>2.4%</b>	<b>2.4%</b>	<b>2.5%</b>	<b>2.6%</b>	<b>3.3%</b>	<b>2.3%</b>	<b>2.7%</b>	<b>3.6%</b>

\* Data is being accumulated from fiscal year 2002 forward.

**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY (1)**

**LAST TEN FISCAL YEARS**

Fiscal Year	Assessed Value (2)			Total Assessed Value	Total Direct Tax Rate	Estimated Actual Value (3)	Assessed Value as a Percentage of Actual Value
	Residential Real Property	Commercial and Industrial Real Property	Personal Property				
2001	\$ 10,857,798,128	\$ 1,239,695,672	\$ 151,823,400	\$ 12,249,317,200	\$ 12.57	\$ 12,028,714,200	101.83%
2002	13,232,606,650	1,471,227,850	166,827,900	14,870,662,400	10.77	15,843,209,000	93.86%
2003	13,350,364,729	1,478,001,571	188,708,900	15,017,075,200	11.83	15,843,209,000	94.79%
2004	15,105,379,601	1,504,901,799	214,760,200	16,825,041,600	10.98	19,131,654,600	87.94%
2005	17,046,470,917	1,614,228,983	194,282,500	18,854,982,400	10.16	19,131,654,600	98.55%
2006	18,038,525,657	1,630,652,443	197,645,600	19,866,823,700	9.99	21,590,027,600	92.02%
2007	18,780,465,279	1,691,031,121	195,725,500	20,667,221,900	9.95	21,590,027,600	95.73%
2008	18,478,928,698	1,767,239,702	211,461,100	20,457,629,500	10.44	22,207,139,600	92.12%
2009	18,659,283,807	1,788,640,793	266,624,600	20,714,549,200	10.72	22,207,139,600	93.28%
2010	18,384,685,100	1,819,972,600	283,174,000	20,487,831,700	11.25	22,506,213,100	91.03%

Source: City of Newton Annual Tax Recap Sheet

(1) Does not include valuation affected by residential exemption

(2) As of January 1st

(3) Estimated actual value is based on equalized valuations determined biennially by the Commissioner of Revenue

**DIRECT PROPERTY TAX RATES (1) (2)**

**LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Residential Real Property</u>	<u>Commercial and Industrial Real Property</u>	<u>Personal Property</u>	<u>Total Direct (3)</u>
2001	\$ 11.57	\$ 21.93	\$ 21.93	12.57
2002	9.94	18.77	18.77	10.77
2003	10.92	20.63	20.63	11.83
2004	10.20	19.37	19.37	10.98
2005	9.48	18.02	18.02	10.16
2006	9.36	17.72	17.72	9.99
2007	9.33	17.64	17.64	9.95
2008	9.70	18.46	18.46	10.44
2009	9.96	19.00	19.00	10.72
2010	10.41	19.93	19.93	11.25

**Source:** City of Newton Tax Recap Sheets

(1) Rates are applicable to each \$1,000 of assessed value

(2) Per the initiatives of Proposition 2 1/2 adopted by the Commonwealth of Massachusetts, the City cannot levy more than 2.5 percent of the total full and fair cash value of all taxable real and personal property. The City's levy is also limited in that it cannot increase more than 2.5 percent from the prior year, with certain exceptions for new growth or through overrides and exclusions adopted by City voters.

(3) Calculated by dividing the net tax levy by total assessed value divided by 1,000

**PRINCIPAL PROPERTY TAXPAYERS**

CURRENT YEAR AND TEN YEARS AGO

Taxpayer	2010			2000		
	Amount of Tax	Rank	Percentage of Total Tax Levy	Amount of Tax	Rank	Percentage of Total Tax Levy
Riverside Project, LLC	\$ 2,126,634	1	0.92%	\$ 654,163	7	0.44%
Mayflower Atrium, LLC	1,388,495	2	0.60%	987,710	2	0.67%
NSTAR Electric	1,244,216	3	0.54%	842,994	3	0.57%
Verizon, New England Inc.	1,124,977	4	0.49%	801,621	5	0.54%
Julian Cohen & Daniel Rothenberg Trust	1,034,437	5	0.45%	1,679,856	1	1.14%
NS Wells Acquisitions LLC	833,146	6	0.36%	-	-	-
CR/TPG Newton Hotel, LLC	796,804	7	0.35%	839,843	4	0.57%
Thomas White Trust	740,414	8	0.32%	602,804	8	0.41%
Daniel Rothenberg	569,067	9	0.25%	-	-	-
Daniel Rothenberg	556,454	10	0.24%	-	-	-
Schroder Newton Limited Partnership	-	-	-	739,634	6	0.50%
Wells Avenue Senior Holding, LLC	-	-	-	508,808	9	0.35%
Boston Gas Company	-	-	-	401,991	10	0.27%
<b>Total</b>	<b>\$ 10,414,644</b>		<b>4.52%</b>	<b>\$ 8,059,424</b>		<b>5.47%</b>

Source: City of Newton Board of Assessors.

**PROPERTY TAX LEVIES AND COLLECTIONS**

LAST TEN FISCAL YEARS

Fiscal Year	Net Tax Levy	Collected within the Fiscal Year of the Levy			Total Collections to Date	
		Current Tax Collections	Percent of Net Levy Collected	Actual Subsequent Collections	Total Tax Collections	Total Collections as a % of Net Levy (1)
2001	\$ 153,949,624	\$ 152,952,314	99.35%	\$ 2,719,025	\$ 155,671,339	101.12%
2002	160,122,038	158,569,112	99.03%	2,996,464	161,565,576	100.90%
2003	177,652,048	177,072,455	99.67%	2,588,516	179,660,971	101.13%
2004	184,772,348	184,463,684	99.83%	2,193,032	186,656,716	101.02%
2005	191,516,639	189,884,213	99.15%	2,341,150	192,225,363	100.37%
2006	198,431,418	197,604,301	99.58%	1,845,616	199,449,917	100.51%
2007	205,603,998	204,425,747	99.43%	2,445,083	206,870,830	100.62%
2008	213,670,594	211,782,357	99.12%	2,220,075	214,002,432	100.16%
2009	222,124,895	221,179,256	99.57%	1,757,081	222,936,337	100.37%
2010	230,471,466	228,861,998	99.30%	-	228,861,998	99.30%

Source: Annual Tax Recap Sheet and General Ledger records

(1) Total collections can exceed 100% due to the City's conservative statutory reserve for abatements, which reduces the net tax levy.

## RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities		Business-Type Activities		Total Primary Government	Per Capita (1)
	General Obligation Bonds	State Pension Loan	General Obligation Bonds	MWRA/MWPAT Loans		
2001	\$ 29,841,344	\$ 2,600,000	\$ 316,250	\$ 17,288,376	\$ 50,045,970	1008
2002	28,793,550	2,600,000	941,250	19,164,796	51,499,596	666
2003	29,614,650	2,600,000	1,080,450	27,979,244	61,274,344	790
2004	30,333,550	2,600,000	491,250	21,908,488	55,333,288	696
2005	36,715,350	2,600,000	266,250	22,627,199	62,208,799	778
2006	44,954,850	2,600,000	176,250	23,158,874	70,889,974	844
2007	49,682,800	-	80,000	24,790,065	74,552,865	903
2008	92,327,900	-	40,000	22,117,941	114,485,841	1415
2009	170,685,800	-	6,000,000	24,259,834	200,945,634	2418
2010	187,685,300	-	5,900,000	23,261,750	216,847,050	2597

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) See the "Demographic and Economic Statistics" schedule located in the Statistical Section for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

**RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING**

LAST TEN FISCAL YEARS

Fiscal Year	Net General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property (1)	Percentage of Estimated Personal Income (2)
	General Obligation Bonds	Less: Resources Restricted for Debt Principal	Total Net General Bonded Debt		
2001	30,157,594	-	30,157,594	0.25%	1.33%
2002	29,734,800	-	29,734,800	0.19%	0.84%
2003	30,695,100	-	30,695,100	0.19%	0.87%
2004	30,824,800	-	30,824,800	0.16%	0.85%
2005	36,981,600	-	36,981,600	0.19%	1.01%
2006	45,131,100	-	45,131,100	0.21%	0.96%
2007	49,762,800	-	49,762,800	0.23%	1.08%
2008	92,367,900	-	92,367,900	0.42%	2.04%
2009	170,685,800	(881,707)	169,804,093	0.76%	3.66%
2010	187,685,300	(749,640)	186,935,660	0.83%	4.01%

(1) See the "Assessed Value and Estimated Actual Value of Taxable Property" schedule located in the Statistical Section for property value data.

(2) See the "Demographic and Economic Statistics" schedule located in the Statistical Section for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**

JUNE 30, 2010

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Massachusetts Water Resources Authority.....	\$ 5,868,212,000	4.8%/4.3%	\$ 262,550,755
City direct debt.....			187,685,300
Total direct and overlapping debt.....			<u>\$ 450,236,055</u>

**Sources:** MWRA, City of Newton Treasurer's Office

**LEGAL DEBT MARGIN INFORMATION**

LAST FIVE FISCAL YEARS \*

	2010	2009	2008	2007	2006
Equalized valuation.....	\$ 22,506,213,100	\$ 22,207,139,600	\$ 22,207,139,600	\$ 21,590,027,600	\$ 21,590,027,600
Normal debt limit (2 1/2% of equalized valuation) ..	562,655,328	555,178,490	555,178,490	539,750,690	539,750,690
Debt applicable to limit:					
Total bonded debt.....	216,847,050	200,945,634	114,485,841	74,552,865	70,889,974
Less: General obligation bonds exempted by authority of state legislature.....	<u>(29,161,750)</u>	<u>(30,259,834)</u>	<u>(22,157,941)</u>	<u>(24,870,065)</u>	<u>(23,335,124)</u>
Total net debt applicable to limit.....	<u>187,685,300</u>	<u>170,685,800</u>	<u>92,327,900</u>	<u>49,682,800</u>	<u>47,554,850</u>
Legal debt margin.....	<u>\$ 374,970,028</u>	<u>\$ 384,492,690</u>	<u>\$ 462,850,590</u>	<u>\$ 490,067,890</u>	<u>\$ 492,195,840</u>
Total net debt applicable to the limit as a percentage of normal debt limit.....	<u>33.4%</u>	<u>30.7%</u>	<u>16.6%</u>	<u>9.2%</u>	<u>8.8%</u>

\* Data is being accumulated from fiscal year 2006 forward.

**DEMOGRAPHIC AND ECONOMIC STATISTICS**

LAST TEN CALENDAR YEARS

Year	Population	Median Age	Per Capita Income	Estimated Personal Income	Median Family Income	Public School Enrollment	Unemployment Rate (%)
2000	49,642	38.7	\$ 45,708	2,269,036,536	\$ 105,289	11,246	1.8%
2001	77,350	38.7	45,708	3,535,513,800	105,289	11,250	2.7%
2002	77,517	38.7	45,708	3,543,147,036	105,289	11,276	3.9%
2003	79,515	38.7	45,708	3,634,471,620	105,289	11,267	4.1%
2004	79,980	38.7	45,708	3,655,725,840	105,289	11,268	3.5%
2005	84,031	38.7	55,891	4,696,576,621	124,893	11,415	3.3%
2006	82,578	38.7	55,891	4,615,366,998	124,893	11,501	3.7%
2007	80,917	38.7	55,891	4,522,532,047	124,893	11,570	3.9%
2008	83,112	38.7	55,891	4,645,212,792	124,893	11,570	6.3%
2009	83,501	38.7	55,891	4,666,954,391	124,893	11,607	6.5%

**Sources:** Population from City census

Per capita income, median age, and median family income is from U.S Census for 1990, 2000 and 2005

Unemployment rates from Massachusetts Division of Unemployment Assistance for June of each year.

School enrollment represents October 1 total enrollment per Newton Public Schools.

**EMPLOYEES BY FUNCTION/PROGRAM**

LAST FIVE FISCAL YEARS\*

<u>Employees as of June 30</u>					
<u>Function/Program</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
General government.....	125	129	135	139	142
Public safety.....	379	362	383	388	384
Education.....	1,268	1,283	1,217	1,198	1,193
Public works.....	139	143	143	137	136
Health and human services.....	48	48	50	50	44
Culture and recreation.....	93	100	102	105	105
Water.....	27	27	28	29	24
Sewer.....	36	36	36	34	34
Total.....	<u>2,115</u>	<u>2,128</u>	<u>2,094</u>	<u>2,080</u>	<u>2,062</u>

Source: City of Newton payroll

\* Data is being accumulated from fiscal year 2006 forward.

**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM**

LAST FIVE FISCAL YEARS\*

Function/Program	Fiscal Year				
	2010	2009	2008	2007	2006
Public safety					
Police					
Stations.....	1	1	1	1	1
Vehicles.....	69	69	69	69	69
Fire					
Stations.....	6	6	6	6	6
Firefighting Vehicles.....	9	9	9	9	9
Education					
Public school buildings.....	21	21	21	21	21
Public works					
Streets (miles).....	310	310	310	310	310
Streetlights.....	8,595	8,595	8,595	8,595	8,595
Traffic signals.....	98	98	98	98	98
Parking meters.....	1,671	1,671	1,671	1,671	1,671
Culture and recreation					
Public libraries					
Main library.....	1	1	1	1	1
Branch libraries.....	-	-	4	4	4
Park & playground Acreage.....	590	590	590	590	590
Outdoor swimming facilities.....	2	2	2	2	2
Indoor swimming facilities.....	1	1	1	1	1
Public street trees	30,000	30,000	30,000	30,000	30,000
Water					
Water mains (miles).....	300	300	300	300	300
Fire hydrants.....	2,400	2,400	2,400	2,400	2,400
Storage capacity (thousands of gallons).....	26,000,000	26,000,000	26,000,000	26,000,000	26,000,000
Sewer					
Sanitary sewers (miles).....	300	300	300	300	300
Sewer pump stations.....	10	10	10	10	10
Stormdrains (miles).....	324	324	324	324	324

**Sources:** Various departments of the City of Newton

\* Data is being accumulated from fiscal year 2006 forward.



